

February 9, 1998

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PECAN MEADOWS ADDITION**

017961

THIS DECLARATION is made on the date hereinafter set forth by PECAN MEADOWS, LTD., a Texas limited partnership (hereinafter referred to as the "**Declarant**").

WITNESSETH

WHEREAS, the Declarant is the owner of certain real property in the Town of Flower Mound, Denton County, Texas, which is described in Exhibit "A" attached hereto and made a part hereof (the "**Property**"); and

WHEREAS, Declarant desires to create an exclusive planned community known as Pecan Meadows Addition on the Property and such other land as may be added thereto pursuant to the terms and provisions of this Declaration;

NOW THEREFORE, the Declarant declares that the Property described shall be held, sold and conveyed subject to the restrictions, covenants and conditions, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Lot and other portions of the Property in order to maintain within the Property a planned community of high standards. Such covenants shall be binding on all parties having any right, title or interest therein or any party thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof.

**ARTICLE 1.
DEFINITIONS**

1.1 "**Association**" shall mean and refer to the Pecan Meadows Homeowners' Association, Inc., a Texas not-for-profit corporation established for the purpose set forth herein, its successor and assigns.

1.2 "**Board**" shall mean and refer to the Board of Directors of the Association.

1.3 "**Common Areas**" shall mean and refer to that portion of the Property, if any, conveyed to the Association for the use and benefit of the Owners.

1.4 "**Common Maintenance Areas**" shall mean and refer to the Common Areas, if any, and the entrance monuments, drainage facilities, detention ponds, right-of-ways, landscaping, and such other areas lying within dedicated public easements or right-of-ways as deemed appropriate by the Board for the preservation, protection and enhancement of the property values and the general health, safety and welfare of the Owners.

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1.5 **"Declarant"** shall mean and refer to Pecan Meadows, Ltd., its successors and assigns who are designated as such in writing by the Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor and/or assign.

1.6 **"Declaration"** shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for the Pecan Meadows Addition, and any amendments, annexations and supplements thereto made in accordance with its terms.

1.7 **"Home," "Dwelling" or "Residence"** shall mean and refer to any residential unit, situated upon any Lot, including the parking garage utilized in connection therewith and the Lot upon which the Home, Dwelling or Residence is located.

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

1.9 **"Lot"** shall mean and refer to any plot or land indicated upon any recorded subdivision map of the Property or any part thereof creating single-family homesites, with the exception of the Common Areas and areas deeded to a governmental authority or utility, together with all improvements thereon.

1.10 **"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.

1.11 **"Owner"** shall mean and refer to the record owner, other than the Declarant, whether one (1) or more persons or entities, of the fee simple title to any Lot, including the home builder, but shall exclude those having an 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 part of the Property, through deed in lieu of foreclosure or through judicial or nonjudicial foreclosure.

1.12 **"Property", "Premises" or "Development"** shall mean and refer to the real property described in Exhibit "A," known as the Pecan Meadows Addition and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to this Declaration.

1.13 **"Town"** shall mean and refer to the Town of Flower Mound, Denton County, Texas.

**ARTICLE 2 .
BY-LAWS
OF
PECAN MEADOWS HOMEOWNERS'
ASSOCIATION, INC.**

2.1 **Establishment of Association.** The formal establishment of the Pecan Meadows Homeowners' Association will be accomplished by the filing of the Articles of Incorporation of the Pecan Meadows Homeowners' Association with the Secretary of State for the State of Texas and

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the subsequent issuance by the Secretary of State of the Certificate of Incorporation of the Pecan Meadows Homeowners' Association.

2.2 Adoption of By-Laws. Bylaws for the Pecan Meadows Homeowners' Association will be established and adopted by the Board.

2.3 Membership. The Declarant and every other Owner of a Lot, including any successive buyer(s), shall automatically and mandatorily become a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association.

2.4 Voting Rights. The Association shall have two (2) classes of voting membership:

(a) Class A. Class A Members shall be all Owners, except Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and 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 the Declarant who shall be entitled to five (5) votes for each unoccupied Lot it owns. The Class B membership shall cease and be converted to Class A membership on the happening of either of the two following events: (i) one hundred twenty (120) days after the conveyance of the Lot which causes the total votes outstanding in the Class A membership to equal the total votes outstanding in the Class B membership, or (ii) ten (10) years from the recording date of this Declaration in the deed records of Denton County, Texas. Class B membership shall be reinstated at any time before the expiration of twenty (20) years from the date of conveyance of the first Lot if additional Lots owned by the Class B Member are annexed to this Declaration in sufficient numbers to restore a ratio of at least one Class B Lot for each three Class A Lots in the Property.

(c) Suspension. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in payment of any assessment duly established pursuant to this Article or is otherwise in default hereunder or under the By-Laws or rules and regulations of the Association and such suspension shall apply to the proxy authority of the voting representative, if any.

(d) No Cumulative Voting. At all Association meetings there shall be no cumulative voting. Prior to all meetings, the Board shall determine the total number of votes outstanding and the Members entitled to vote.

2.5 Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized herein shall be sent to all Members, or delivered to their Residences, not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of Members or of proxies of voting representatives entitled to cast two-thirds

(2/3) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at such subsequent meeting shall be two-thirds (2/3) of the quorum requirement for such prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (the quorum requirement being reduced for each such meeting). No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

2.6 Funding. Subject to the terms of this Article, Declarant, for each Lot owned by Declarant, hereby covenants to pay, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Such assessments will remain effective for the full term (and extended term, if applicable) of this Declaration. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successors in title of such Owner unless expressly assumed by them.

2.7 Assessments.

(a) Units Owned by Class A Members. Subject to the terms of this Article, each Lot is hereby subject to an initial maximum maintenance charge of \$10.00 per month or \$120.00 per annum (until such maintenance charge shall be increased in the By-Laws of the Association), for the purpose of creating a fund to be designated and known as the "maintenance fund," which maintenance charge and assessment will be paid by the Owner or Owners of each Lot in advance in monthly, quarterly, or annual installments, commencing as to all Lots on which a completed Unit is then located on the conveyance of the first Lot to a Class A Member and as to all other Lots as of the completion of the Unit thereon. The rate at which each Lot will be assessed, and whether such assessment shall be payable monthly, quarterly, or annually, will be determined by the Board at least thirty (30) days in advance of each affected assessment period. Said rate may be adjusted from time to time by the Board as the needs of the Association may, in the judgment of the Board, require. The assessment for each Lot shall be uniform except as provided in Subsection (b) of this Section. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment has been paid for the assessment period.

(b) Units or Lots Owned by Declarant. Notwithstanding the foregoing, the Declarant shall be exempt from the annual maintenance assessment charged to Owners so long as there is a Class B membership as set forth in Section 2.4(b). Declarant hereby agrees that for such period of time as there is a Class B membership in effect and Declarant's Lots are exempt from assessment as provided above, that in the event that the annual maintenance fund revenues are insufficient to pay the operating expenses of the Association, Declarant shall provide the funds necessary to make up the deficit, within thirty

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(30) days of receipt of request for payment thereof from the Association, provided that if the deficit is the result of the failure or refusal of an Owner or Owners to pay their annual maintenance assessments, the Association shall diligently pursue all available remedies against such defaulting Owners, including the immediate institution of litigation to recover the unpaid assessments, and shall reimburse the Declarant the amount paid because of such delinquency, if any, so collected.

(c) Purpose of Maintenance Fund. The Association shall establish a maintenance fund composed of Owners' annual maintenance assessments and shall use the proceeds of such fund in providing for normal, recurring maintenance charges for the Common Maintenance Areas for the use and benefit of all Members of the Association. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for existing landscaping) and the improvements to such Common Maintenance Areas, such as sprinkler systems, and private streets, if any, provided the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas; payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions, and conditions affecting the property to which the maintenance fund applies; payment of all reasonable and necessary expenses in connection with the employment of security guards or watchmen, if any, caring for vacant lots; and any other necessary or desirable act, in the opinion of the Board, to keep the Property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that the judgment of the Board in the expenditure of said funds and the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith. The Association shall, in addition, establish and maintain an adequate reserve fund to ensure the continuous and perpetual use, operation, maintenance, and/or supervision of all facilities, structures, improvements, systems, areas or grounds that are the Association's responsibility. The reserve fund shall be established and maintained out of regular annual assessments.

(d) Special Assessment for Working Capital Fund, Nonrecurring Maintenance and Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments as follows:

(i) Upon sale of the first Lot by Declarant to a Class A Member, a special assessment equal to ten (10) months' estimated regular assessment may be assessed, which sum shall be due and payable upon conveyance of the Lot to a Class A Member. Such special assessment shall be available for all necessary expenditures of the Association.

(ii) 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 nonrecurring maintenance, or the acquisition, construction, reconstruction, repair, or replacement

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of a capital improvement upon any Common Maintenance Area, including fixtures and personal property related thereto, may be assessed. The Association shall not commingle the proceeds of such special assessment with the maintenance fund. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question.

2.8 Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall bear interest from due date at the highest non-usurious rate of interest allowed by Texas law or 18% per annum, whichever is less. The Association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments on such terms as it may establish by duly adopted resolutions and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien retained herein against the Property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Maintenance Area or abandonment of his property.

2.9 Subordinated Lien to Secure Payment. To secure the payment of the maintenance charge and assessment established hereby and to be levied on individual Lots as above provided, there is hereby reserved a lien for the benefit of the Association, said lien to be enforceable through appropriate proceedings at law or in equity by such beneficiary; provided, however, that each such lien shall be specifically made secondary, subordinate, and inferior to all liens, present and future, given, granted, and created by or at the insistence and request of the Owner of any such Lot to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the improvement of any such Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding, valid, and subsisting first mortgage lien, said beneficiary shall give the holder of such first mortgage sixty (60) days written notice of such proposed action, such notice shall be sent to the nearest office of the lienholder by prepaid U.S. registered mail, containing the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lienholder, the beneficiary shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to the holder thereof. Sale or transfer of a Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale, foreclosure, or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the right to file notices of liens in favor of the Association in the official records of Denton County, Texas.

**ARTICLE 3.
GENERAL POWERS AND DUTIES OF THE
BOARD OF DIRECTORS OF THE ASSOCIATION**

3.1 Purpose of Maintenance Fund. The Board, for the benefit of the Owners, shall provide and shall pay out of the maintenance fund provided in Article 2 above, the following:

(a) Taxes and assessments, and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Owners, if any.

(b) Operation, maintenance and supervision of the Common Maintenance Area.

(c) The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board (provided that any contract for management of the Association shall be terminable by the Association, with no penalty, upon ninety (90) days prior written notice to the managing party) and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager.

(d) Legal and accounting services.

(e) A policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board, including a policy or policies of insurance as provided herein in Article 4.

(f) Workers compensation insurance to the extent necessary to comply with any applicable laws.

(g) Such fidelity bonds as may be required by the By-Laws or as the Board may determine to be advisable.

(h) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes, or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the enforcement of this Declaration.

3.2 Powers and Duties of Board. The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the By-Laws of the Association:

(a) To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas, if any, on behalf of all Owners.

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(b) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board sees fit.

(c) To enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.

(d) To protect or defend the Common Areas from loss or damage by suit or otherwise and to provide adequate reserves for replacements.

(e) To make reasonable rules and regulations for the operation of the Common Maintenance Areas and to amend them from time to time; provided that, any rule or regulation may be amended or repealed by an instrument in writing signed by Owners constituting a majority of the votes of the Association, or with respect to a rule applicable to less than all of the Common Areas, by a majority of the votes of the Owners in the portions affected. However, the Association's agreements, covenants and restrictions pertaining to the use, operation, maintenance and/or supervision of any facilities, structures, improvements, systems, areas or grounds that are the Association's responsibility, may not be amended without the prior written consent of the Town.

(f) To make available for inspection by Owners within sixty (60) days after the end of each year an annual report and to make all books and records of the Association available for inspection by Owners at reasonable times and intervals.

(g) To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency.

(h) To enforce the provisions of any rules, covenants, conditions and restrictions made hereunder and to enjoin and seek damages from any Owner for violation of such covenants, conditions, restrictions or rules.

(i) To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings.

3.3 Board Powers Exclusive. The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the Maintenance Fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein.

3.4 Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner or other person or entity for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

ARTICLE 4. TITLE TO COMMON AREAS

4.1 Association to Hold. The Association shall assume all maintenance obligations with respect to any Common Areas which may be hereafter established. Nothing contained herein shall create an obligation on the part of Declarant to establish any Common Area.

4.2 Liability Insurance. From and after the date on which title to any Common Area vests in the Association, the Association shall purchase and carry a general comprehensive public liability insurance policy for the benefit of the Association and its Members, covering occurrences on the Common Areas. The policy limits shall be as determined by the Board. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability endorsements or other appropriate provisions for the benefit of the Members, Board, and the management company and other insureds, as their interests may be determined.

4.3 Condemnation. In the event of condemnation or a sale in lieu thereof of all or any portion of the Common Areas, the funds payable with respect thereto shall be payable to the Association and shall be used by the Association to purchase additional Common Areas to replace that which has been condemned or to take whatever steps that it deems reasonably necessary to repair or correct any damage suffered as a result of the condemnation. In the event that the Board determines that the funds cannot be used in such a manner due to lack of available land for additional Common Areas or for whatever reason, any remaining funds may be utilized by the Association for the general maintenance fund.

4.4 Amendment. The Association's agreements, covenants or restrictions pertaining to the use, operation, maintenance, and/or supervision of any facilities, structures, improvements, systems, areas or grounds that are the Association's responsibility may not be amended without the prior written consent of the Town.

ARTICLE 5. EASEMENTS

5.1 Utility Easements. As long as Class B membership shall be in effect, the Declarant hereby reserves the right to grant perpetual, nonexclusive easements for the benefit of the Declarant or its designees, upon, across, over, through and under any portion of the Common Area or any portion of any Lot outside of the permitted building area of such Lot, for ingress, egress, installation, replacement, repair, maintenance, use and operation of all utility and service lines and service systems, public and private, including, without limitation, cable television. Declarant, for itself and its designee, reserves the right to retain title to any such easements. Upon cessation of Class B membership, the Association shall have the right to grant the easements described herein.

5.2 Declarant's Easement of Correct Drainage. As long as Class B membership shall be in effect, Declarant hereby reserves a blanket easement on, over and under the ground within the Property to maintain and correct drainage of surface waters and implement other erosion controls in order to maintain reasonable standards of health, safety, and appearance and shall be entitled to remove trees or vegetation, without liability for replacement or damage, as may be necessary to provide adequate drainage for any portion of the Property. Notwithstanding the foregoing, nothing herein

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shall be interpreted to impose any duty upon Declarant to correct or maintain any drainage facilities within the Property.

5.3 Easement for Unintentional Encroachment. The Declarant hereby reserves an exclusive easement for the unintentional encroachment by any structure upon the Common Area caused by or resulting from, construction, repair, shifting, settlement or movement of any portion of the Property, which exclusive easement shall exist at all times during the continuance of such encroachment as an easement appurtenant to the encroaching property to the extent of such encroachment.

5.4 Entry Easement. In the event that the Owner fails to maintain the Lot as required herein, or in the event of emergency repairs and to do the work reasonably necessary for the proper maintenance and operation of the Property, entry upon the Lot as provided herein shall not be deemed a trespass, and the Association shall not be liable for any damage so created unless such damage is caused by the Association's willful misconduct or gross negligence.

5.5 Drainage Easements. Easements for the installation and maintenance of utilities, storm water retention/detention ponds, and/or conservation area are reserved as may be shown on the recorded plat. Within these easement areas, no structure, plant or material shall be placed or be permitted to remain if it may hinder or change the direction or flow of drainage channels or slopes in the easements. The easement area of each Lot and all improvements contained therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible.

5.6 Temporary Completion Easement. All Lots shall be subject to easement of ingress and egress for the benefit of the Declarant, its employees, subcontractors, successors and assigns, over and upon the front, side or rear yards of the Property as may be expedient or necessary for the construction, servicing and completion of dwellings and landscaping upon Lots adjacent to the Property, provided that such easement shall terminate twelve (12) months after the date such Lot is conveyed to the Owner by the Declarant.

ARTICLE 6. USE AND OCCUPANCY

All Lots and Dwellings shall be used and occupied for single-family residence purposes. No Lot or Dwelling may be used for commercial, institutional or other non-residential purpose if such use involves the attendance or entry of non-residents upon the Lot or otherwise diminishes the residential character of the Lot or neighborhood. This prohibition shall not apply to "garage sales" conducted with prior written consent of the Association provided that no Owner shall conduct more than two (2) garage sales of no more than two (2) days duration each during any twelve (12) month period.

**ARTICLE 7.
PROPERTY RIGHTS**

7.1 Owners' Easement of Enjoyment. Every Owner shall have a right and easement in and to the Common Areas and a right and easement of ingress and egress to, from and through said Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to establish and publish rules and regulations governing the use of the Common Areas affecting the welfare of Association Members;

(b) The right of the Association to suspend the right of use of the Common Areas and the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) The right of the Association, subject to the provisions hereof, to dedicate or transfer all or any part of the Common Areas, if any, to any public agency, authority or utility for such purposes and subject to the conditions as may be agreed by the Association. No such dedication or transfer shall be effective unless an instrument in writing signed by Owners entitled to cast two-thirds (2/3) of the votes of each class of membership and by a duly authorized representative of the Town has been recorded agreeing to such dedication or transfer;

(d) All easements herein described are easements appurtenant to and running with the land; they shall at all times inure to the benefit of and be binding upon the Owners, and all of their grantees, and their respective heirs, successors, personal representatives and assigns, perpetually and in full force.

7.2 Effect of Declaration. Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, conditions, restrictions and covenants herein described or to this Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, conditions, restrictions and covenants were fully related and set forth in their entirety in said documents.

7.3 Rezoning Prohibited. No Lot shall be rezoned to any classification allowing commercial, institutional or other non-residential use without the express, written consent of the Association and Declarant (as long as Declarant owns any Lot subject to this Declaration), which may be withheld in Declarant's sole discretion. Declarant or the Association may enforce this covenant by obtaining an injunction against any unapproved rezoning at the expense of the enjoined party.

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ARTICLE 8. USE RESTRICTIONS

8.1 Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done which may be or may become an annoyance or nuisance to the Property, or Lot, or Dwelling, or any part thereof.

8.2 Development Activity. Notwithstanding any other provision herein, Declarant and its successors and assigns shall be entitled to conduct on the Property all activities normally associated with and convenient to the development of the Property and the construction and sale of the Dwelling on the Property.

8.3 Temporary Structures. No structures of a temporary character, including, without limitation, any trailer, tent, shack, garage, barn, motor home or mobile home or other outbuilding, shall be used on any Lot at any time as a residence, either temporarily or permanently.

8.4 Signs and Picketing. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Dwelling, fence or other improvement upon such Lot so as to be visible from public view except the following:

(a) For Sale Signs. An Owner may erect one (1) sign not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of the ground advertising the Property for sale.

(b) Declarant's Signs. Signs may be erected by the Declarant.

In addition to the foregoing, to protect the safety and harmony of the community, no person shall engage in picketing on any Lot, easement, right-of-way or Common Area within or adjacent to the Property, nor shall any vehicle parked, stored or driven in or adjacent to the Property bear or display any sign, slogans, symbols, words or decorations intended to create controversy, invite ridicule or disparagement, or interfere in any way with the exercise of the property rights, occupancy or permitted business activities of any Owner or Declarant.

8.5 Campers, Trucks, Boats and Recreational Vehicles. No campers, vans, pickup trucks, boats, boat trailers, recreational vehicles and other types of non-passenger vehicles, equipment, implements or accessories may be kept on any Lot unless the same are fully enclosed within the garage located on such Lot and/or said vehicles and accessories are screened from view by a screening structure or fencing and said vehicles and accessories are in an operable condition.

8.6 Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose.

8.7 Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers.

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All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

8.8 Sight Distance and Intersections. No fence, wall, hedge, shrub planting or other obstruction to view in excess of two feet (2') in height on any corner Lot within the triangular area formed by the street right-of-way lines and a line connecting them at points twenty-five feet (25') from the intersection of the right-of-way lines, or in the case of a rounded property corner, from the intersection of the right-of-way lines. The same sight line limitations shall apply on any Lot within ten feet (10') from the intersection of a street right-of-way line with the edge of a driveway pavement edge or alley right-of-way line. 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.

8.9 Parking in Common Maintenance Area. No vehicles, trailers, implements or apparatus may be driven or parked in the Common Maintenance Area or on any easement unless otherwise permitted by plat or other recorded document.

8.10 Commercial or Institutional Use. No Lot, and no building erected or maintained on any Lot, shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes.

8.11 Building Standards. No building shall be erected or maintained on any Lot unless it complies with all applicable standards, including any governmental ordinances.

8.12 Detached Buildings. No detached accessory buildings, including, but not limited to, detached garages and storage buildings, shall be erected, placed or constructed upon any Lot without prior consent of the Association.

8.13 Fences. No fence, wall or hedge shall be erected or maintained on any Lot nearer to the street than the building setback lines for the front and side yards.

8.14 Antennae, Satellite Dishes and Solar Collectors. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Lot unless such apparatus is erected and maintained in such a way that it is screened from public view at a point in the center of the public right-of-way directly in front of the house erected on such Lot.

8.15 Chimneys. All fireplaces flues, smoke stacks, and spark arrestors shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the principal finish material of the exterior walls of the Dwelling.

8.16 Clothes Hanging Devices. Exterior clothes hanging devices shall not be permitted.

8.17 Window Treatment. No aluminum foil, reflective film or similar treatment shall be placed on window or glass doors.

ARTICLE 9. ANNEXATION

9.1 Annexation by Declarant. At any time during the initial term of this Declaration, the Declarant may, after first obtaining written consent from a duly authorized representative of the Town, annex additional property to this Declaration to be subject to the terms hereof to the same extent as if originally included herein and subject to such other terms, covenants, conditions, easements and restrictions as may be imposed thereon by Declarant.

(a) Declaration of Annexation. Annexation shall be evidenced by a written Declaration of Annexation executed by Declarant setting forth the legal description of the property being annexed and the restrictive covenants to be applied to such annexed property.

(b) FHA/VA Approval. Declarant shall submit a written request for approval of any annexation under this Section to the Federal Housing Administration ("FHA") and the Veterans Administration ("VA") accompanied by a copy of the Declaration of Annexation. If neither FHA nor VA notifies Declarant of objections to the annexation within fifteen (15) days of the date of Declarant's request for approval, such approval shall be deemed to have been granted.

9.2 Annexation by Action of Members. At any time the Board may request approval of the membership for the annexation of additional property into the Association to be subject to all of the terms of this Declaration to the same extent as if originally included herein. No such annexation shall be effective unless approved in writing by members entitled to cast two-thirds (2/3) of the total votes in both classes of membership, by a duly authorized representative of the Town and by FHA and VA as set forth in Section 9.1(b) above. Any property that is contiguous to the Property to this Declaration may be annexed here to according to the foregoing requirements, provided however, that no such annexation shall be effective without the consent and joinder of the owners of the property to be annexed. Such annexation must be evidenced by a Declaration of Annexation as set forth in Section 9.1(a) above executed by the parties herein described.

9.3 No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any other Member to annex any property to this Declaration and no Owner of Property excluded from the Declaration shall have any right to have such property annexed thereto.

9.4 Effect of Annexation on Class B Membership. In determining the number of Lots owned by Declarant for the purpose of Class B Membership status according to Article 2, Section 2.4(b), the total number of Lots covered by the Declaration, including all Lots annexed thereto, shall be considered. If Class B Membership has previously expired but annexation of additional property restores the ratio of Lots owned by Declarant to the number required for Class B Membership, such Class B Membership shall be reinstated.

ARTICLE 10. GENERAL PROVISIONS

10.1 Remedies. In the event of any default by any Owner under the provisions of the Declaration, By-Laws or rules and regulations of the Association, the Association and any Owner shall have each and all of the rights and remedies which may be provided for in this Declaration, the By-Laws and said rules and regulations, and those which may be available at law or in equity, and may prosecute any action or other process against such defaulting Owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgment for the payment of the money and collection thereof, or for any combination of the remedies, or for any other relief. No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorney's fees and other fees and expenses, and all damages, permitted by law but, with reference to any Lots financed by FHA insured loans, not in excess of the maximum rate of FHA loans at the time of delinquency, from the due date until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of respective maintenance assessment (to the same extent as the lien provided herein for unpaid assessments), upon the Lot and upon all of the additions and improvements thereto, and upon all personal property upon the Lot. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or any Owner.

10.2 Term and Amendments. This Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically renewed for successive periods of ten (10) years, unless seventy-five percent (75%) of the votes outstanding shall have voted to terminate this Declaration and the prior written consent has been obtained from the Town upon the expiration of the initial twenty-five (25) year period or any extension thereof, which termination shall be by written instrument signed by seventy-five percent (75%) of the Owners and countersigned by a duly authorized representative of the Town and properly recorded in the Denton County, Texas land records. This Declaration may be amended by an instrument signed by Owners constituting not less than seventy-five percent (75%) of the votes of the Association and countersigned by a duly authorized representative of the Town, provided, that as long as there is a Class B Membership, such amendment has been approved by the U.S. Department of Housing and Urban Development (acting through the area office having jurisdiction over the Association). Any amendment must be recorded. The Association may not be dissolved without the prior written consent of the Town.

10.3 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

10.4 Rights and Obligations. The provisions of this Declaration and the Articles of Incorporation and By-Laws and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. By the recording of the acceptance of a deed conveying a Lot of any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed shall be

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deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Articles of Incorporation and By-Laws, whether or not mention thereof is made in said deed.

10.5 Miscellaneous Provisions. Any provisions of this Declaration or of the Articles of Incorporation and By-Laws to the contrary notwithstanding, the following provisions shall control:

(a) FHA/VA Approval. If any prospective Owner applies for FHA or VA mortgage financing and receives a commitment therefor, the following actions will require approval of the Federal Housing Administration and the Veterans Administration as applicable: (1) addition of properties except as set forth in Article 10; (2) dedication of Common Areas; and (3) amendment of this Declaration.

(b) The following actions will require notice to all institutional holders of first mortgage lien: (1) abandonment or termination of the Association; or (2) material amendment to the Declaration.

(c) Upon the request of any first Mortgagee of a Dwelling on a Lot, the Association shall furnish to such Mortgagee a written notice of any default by the Owner of such Dwelling in the performance of such Owner's obligations under this Declaration or the By-Laws or Association rules and regulations which is not cured within thirty (30) days. Any first Mortgagee of a Dwelling who comes into possession of such Dwelling pursuant to the remedies provided in the mortgage, a foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged Dwelling which accrued prior to the time such holder comes into possession of the Dwelling.

(d) Unless at least seventy-five percent (75%) of the first mortgages (based upon one vote for each mortgagee) have given their prior written approval, neither the Association nor the Owners shall be entitled to:

(i) by act or omission seek to abandon, partition, encumber, or transfer the Common Areas, if any, or any portion thereof of interest therein; (The granting of easements for public utilities or other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning of this clause.)

(ii) substantially change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner by the Association;

– (iii) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of the Dwelling or maintenance of the Dwelling or Lots;

(iv) fail to maintain liability and extended coverage insurance on insurable property comprising a part of the Common Areas on a current replacement cost

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basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs).

10.6 Gender Neutral. All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa.

10.7 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.

10.8 Conflicts. In the event of conflict between the terms of this Declaration and the By-Laws, rules, regulations or Articles of Incorporation of the Association, this Declaration shall control.

10.9 Failure of Association to Perform Duties. Should the Association fail to carry out its duties as specified in this Declaration, the Town 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 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, the agreements, covenants or restrictions of the Association, or of any applicable Town codes or regulations; to assess the Association for all costs incurred by the Town in performing said responsibilities if the Association fails to do so; and/or to avail itself of any other enforcement actions available to the Town pursuant to state law or Town codes and regulations. Should the Town exercise its rights as specified above, the Association shall indemnify and hold the Town harmless from any and all costs, expenses, suits, demands, liabilities or damages, including attorney's fees and costs of suit, incurred or resulting from the Town's removal of any landscape systems, features or elements that cease to be maintained by the Association or from the Town's performance of the aforementioned operation, maintenance or supervision responsibilities of the Association due to the Association's failure to perform said duties.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed on its behalf, attested and its corporate seal to be hereunto affixed as of the day and year first above written.

ATTEST:

DECLARANT:

5-Star Development, Inc., a Texas Corporation

By: 

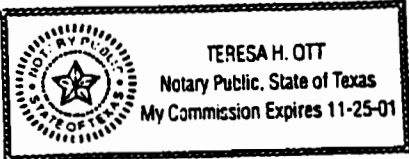
Joseph C. McDowell

Title: President

February 9, 1998

STATE OF TEXAS §
 §
COUNTY OF Denton §

The foregoing instrument was acknowledged before me on this 10 day of February, 1998, by Joseph C. McDowell, President of 5-Star Development, Inc., on behalf of said Corporation.



Teresa H. Ott
Notary Public, State of Texas

[Stamped Notary Seal]

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