

BYLAWS

ARTICLE 2
BY LAWS
POINT NOBLE HOMEOWNERS ASSOCIATION, INC.

Section 2.1 Establishment of Association. The formal establishment of the Point Noble Homeowners' Association will be accomplished by the filing of the Articles of Incorporation of the Point Noble Homeowners' Association with the Secretary of State for the State of Texas and the subsequent issuance by the Secretary of State of the Certificate of Incorporation of the Point Noble Homeowners' Association. The initial board shall be appointed by the Declarant.

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

Section 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. In the event there is consolidation of any lots by replatting, these lots will be treated in every aspect as originally platted. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association.

Section 2.4 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 when 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.

Section 2.5 Assessments.

(a) Units or Lots Owned by Class A Members. Subject to the terms of this Article, each Lot is hereby subject to an initial maximum maintenance charge of \$100.00 per month or \$1200.00 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." This maintenance charge and assessment will be paid by the owner or owners of each lot on which a completed house is located or after title to a lot has been conveyed from Declarant for a period of twelve months. In other words, the \$1,200 annual assessment begins when a house closes on a lot or after title has been transferred on a lot for a period of twelve (12) months, whichever occurs first. In the event as set forth in Section 2.4, consolidation by replatting as taken place, assessments will be assessed according to original platting (example: replatting two (2) lots into one would be assessed as two (2) for an amount of \$2,400.) After the board is formed, it will be decided by the board as to whether the assessment shall be payable monthly, quarterly, or annually, and 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 Directors, require. The assessment for each Lot shall be uniform except as provided in Subsection b of this Section 2.5. 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 for the annual maintenance assessment charged to Owners so long as there is a Class B membership as set forth in Section 6. 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 (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 amounts 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 provide 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 matter necessary or desirable 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 shall be final and conclusive so long as 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, Non recurring 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 assessments may be assessed, which 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 non recurring maintenance, or the acquisition, construction, reconstruction, repair, or replacement 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 non recurring maintenance or improvements in question.

Section 2.6. 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.

Section 2.7. 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 improvements 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 sixty (60) days written notice of such proposed action, such notice, which shall be sent to the nearest office of the lien holder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lien holder, and beneficiary shall be acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to holder thereof. Sale or transfer of a Lot shall not affect the assessment lien. However, the sale or transfer of a 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 such Association in the official records of Denton County, Texas.

Section 2.8 Voting Rights. The Association shall have two (2) classes of voting membership:

(a) Class A. Class A Members shall be all Owners with the exception of Declarant and shall be entitled to (1) vote for each Lot owned. When more than one (1) 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 as originally platted. In the event consolidation of lots by replatting as taken place, one vote per lot as originally platted is the rule.

(b) Class B. The Class B Member shall be the Declarant who shall be entitled to three (3) 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: one hundred and 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 of the 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 a 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 Property.

(c) Suspension. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the 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.

Section 2.9. 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) day following the preceding meeting.

ARTICLE 3

GENERAL POWERS AND DUTIES OF THE BOARD OF DIRECTORS OF THE ASSOCIATION

Section 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) Legal and accounting services, if needed.

(d) 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 of Directors, including a policy or policies of insurance as provided herein in Article 4.

(e) Workers compensation insurance to the extent necessary to comply with any applicable laws, if needed.

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

(g) Any other materials, supplies, insurance, furniture, labor, service, 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.

Section 3.2. Powers and Duties of the 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.

(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, conditions 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 rules, covenants, conditions or restrictions.

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

Section 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.

Section 3.4. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner of 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

Section 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.

Section 4.2. Liability Insurance. From and after the date on which title to any Common Area vests in the Association, the Association has the authority to 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 of Directors of the Association. 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, Directors, and the management company and other insureds, as their interests may determined.

Section 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 reasonable necessary to repair or correct any damage suffered as a result of the condemnation. In the event that the Board of Directors of the Association 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.

Section 4.4. Amendment. The Association's agreement, conditions, 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

Section 5.1. Utility Easements. As long as Class B membership shall be in effect, the Declarant hereby reserves the right to grant perpetual, non-exclusive easements for the benefit of the Declarant or its designees, upon, across, over, through and under any portion of the Common Areas 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 designees, 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 easement described herein.

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

Section 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.

Section 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.

Section 5.5. Drainage Easements. Easements for the installation and maintenance of utilities, storm water retention/detention ponds, and/or a conservation area are reserved as may be shown on the recorded plat. Within these easements areas, no structure, plant or material shall be placed or permitted to remain which may hinder or change the direction or flow of drainage channels or slopes in the easements. The easements 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 of the Association is responsible.

Section 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

PROPERTY RIGHTS

Section 6.1. 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 the 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 regulation;

(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 purpose 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 representative and assigns, perpetually and in full force.

Section 6.2. Effect of Declaration. Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described conditions or to this Declaration shall be sufficient to create and reserve such easements, conditions, restrictions, 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.

Section 6.3. Rezoning Prohibited. No Lot shall be rezoned to any classification allowing commercial, institutional or other non-residential use without the express 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.

ARTICLE 7

ARCHITECTURAL CONTROL

Section 7.1. Appointment. The Declarant shall designate and appoint an Architectural Control Committee (herein called the "Committee") composed of four (4) individuals, each generally familiar with the residential and community development design matters and knowledgeable about the Declarant's concern for a high level of taste and design standards on the Property. The Committee shall use its best efforts to promote and ensure a high level of taste, design, quality, harmony and conformity throughout the Property consistent, harmony and conformity throughout the Property

consistent with this Declaration. In that regard, no lot shall have a house built on it, except by a builder approved by this committee.

Section 7.2. Successors. In the event of the death, resignation or removal by the Declarant of any member of the Committee, the remaining members shall appoint a successor member. In default of such appointment, the Declarant shall have full authority to designate and appoint a successor. No member of the Committee shall be entitled to compensation for, or be liable for claims, causes of action or damages arising out of, services performed pursuant to this Declaration.

Section 7.3. Approval of Plans and Specifications. No Satellite Dish, fence, building, wall or other structure shall be commenced, erected or maintained upon the Properties, 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 have been submitted to, and approved in writing, by the Architectural Control Committee, as to harmony of external design and location in relation to surrounding structures and topography.

Section 7.4. Standards. The committee shall have sole discretion with respect to taste, design and all standards that are specified herein. One objective of the Committee is to prevent unusual, radical, curious, odd, bizarre, peculiar or irregular structures from being built on the Property. Notwithstanding, the board shall require approval of exterior material as to type and color of brick, stone, stucco, shingles, etc.

Section 7.5. Termination: Continuation. The Committee appointed by the Declarant shall cease to exist on the earlier of: (A) the date on which all the members of the Committee file a document declaring the termination of the Committee, or (B) the date on which residences have been constructed on all lots on the Property. Notwithstanding the above provision, at the time after the termination of the Committee, the record owners of a majority of the lots on the Property shall have the authority to record an instrument which provides for a committee elected by the homeowners continue the function of the Committee, which instrument shall establish election or appointment

procedures whereby the homeowners' committee members shall be chosen and a notice procedure whereby all owners of homes on the Property will receive notice of such procedures. If there is no Committee or homeowners' committee, no approval by the Committee or homeowners' committee shall be required under Declaration; variations from the standards set forth in this Declaration shall be made in accordance with the general development standards as reflected in the plans, construction materials, landscaping and other matters approved by the Committee or homeowners' committee during their periods of control.

Section 7.6. Liability of Committee. The member of the Committee shall have no liability for the decisions made by the committee so long as such decisions are made in good faith and are not arbitrary or capricious. Any errors in or omissions from the plans 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 line, building line, easement or any other issue.

Section 7.7. Failure of Committee to Act. In the event that any plans and specifications are submitted to the Architectural Control committee as provided herein, and such Committee shall fail either to approve or reject such plans and specifications for a period of thirty (30) days following such submission, approval by the Committee shall not be required, and full compliance with the Article shall be deemed to have been had.

ARTICLE 8

USE RESTRICTIONS

Section 8.1. Types of Buildings Permitted. All Lots shall be used for residential purposes only, and no building shall be erected, altered, placed or

permitted to remain on any Lot other than one detached single-family dwelling not to exceed three (3) stories in height and a private garage for not less than three (3) automobiles, and a detached servant's quarters, guest house, and/or pool cabana. Only one accessory type structure other than these mentioned is permitted provided such type structure is located behind the front line of the residential building and minimum required side yard distances are maintained. The architecture of the buildings must compliment that of the residential building. The fishing cabins on Lot 37 are exempted, as they are grandfathered for historical reasons. Sheet metal siding and roofs are expressly prohibited.

Section 8.2. Time of Construction. Time of construction is directly relative to house size. In general, all houses under 6000 square feet of air-conditioned space, and including driveways, shall be completed within eight (8) months from the time the permit is issued. This time shall be increased by one month for each 1000 square feet added in size. (Example: a 10,000 square foot house shall be completed within twelve (12) months.)

Section 8.3. Minimum Floor Area, Roofs and Exteriors Walls. Any single residence constructed on said Lots must have an area of not less than forty-five hundred square feet (4500), exclusive or open or screened porches, terraces, patios, driveways, carports and garages. Lots 32, 33, 34, 35, 36, 37 and 38 shall not be less than six thousand (6,000) square feet, exclusive of open or screened porches, terraces, patios, driveways, carports and all garages. Lots 1,2,3,4,5,6,7 and 8 shall not have less than four thousand (4,000) square feet, exclusive of open or screened porches, terraces, patios, driveways, carports and all garages. All roofs as to type, color, and material must be approved by the architectural control committee and all composition asphalt type shingles must be 300 pounds or better. All composition shingles shall be in a "WEATHERED WOOD COLOR." An exception to color can be granted if in the view of the Architectural Control Committee, a particular color will be better compliment the architectural style of the house. Example, Georgian house with black roof or a stucco house with colored roof. All residences are to have a side or rear entry garage. All residences on corner lots with garage on the side street must have a rear entry garage. An exception to rear and side entry garages can be granted if the garages are

split and for two possibilities; One, where the house has a covered drive-thru and is well back from the front facade and secondary to the front view of the house; and, Two, where the garages are split and the garage farthest back is completely hidden from sight when viewing the house from the street.

Section 8.4. Setbacks. No building shall be located on any Lot nearer than fifty (50) feet from the front utility easement line except those noted on the plot plan. No side yard at the front building setback line shall be less than ten percent (10%) of the width of the Lot. For the purpose of the covenants, eaves, steps, and open porches shall not be considered as part of the building. This shall not be construed to permit any portion of the building on any Lot to encroach upon another Lot. If two or more Lots, or fractions thereof, are consolidated to a building site in conformity with the provisions of Section 6 these building setback provisions shall be applied to such resultant building site as if it were one original platted Lot.

Section 8.5. Driveways and Circular Drives. All driveways are to be concrete or masonry. All driveways must be completed prior to occupancy. Gravel driveways are prohibited.

Section 8.6. Resubdivision or Consolidation. None of said Lots shall be resubdivided in any fashion except that any person owning two (2) or more adjoining Lots may subdivide or consolidate such Lots into building sites, with the privilege of construction improvements as permitted in Section 3 and 4 hereof on each resulting building site, provided that such resubdivision or consolidation does not result in any building site have a Lot size of less than one acre.

Section 8.7. 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, Lot, Dwelling or any part thereof.

Section 8.8. 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 units on the Property.

Section. 8.9. Temporary Structure. No structure of a temporary character, including, without limiting the generality thereof, 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.

Section 8.10. 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 Unit, 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 (3) feet above the surface of the ground advertising the Property for sale.

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

(c) Political Signs. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than thirty (30) day in advance of the election to which they pertain and are remove with five (5) days after announcement of the results of the election to which such sign shall refer.

(d) Subcontractor Signs. Subcontractors such as landscaping or swimming pool can temporarily erect their signs no to exceed 2' x 3'. These signs are to be removed within thirty (30) days.

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 signs, 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.

Section 8.11. Camper, Trucks, Boats and Recreational Vehicles. No truck, bus or trailer shall be left parked in the street in front of any Lot except for construction and repair equipment while a residence or residences are being built or repaired in the immediate vicinity. The parking of one camper, travel trailer or recreational vehicle designed for recreational use shall be permitted behind the front line of the house. The storage of one pleasure boat and boat trailer shall be permitted, in the open, behind the front line of the house.

Section 8.12. 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.

Section 8.13. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall no be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 8.14. Sight Distance and Intersection. No fence, wall, hedge or shrub planting or other obstruction to view in excess of two (2) feet in height, except trees pruned high enough to permit unobstructed vision to automobile drivers, shall be placed on any corner Lot within the triangular area formed by the street boundary lines and a line connecting them at points twenty-five (25) feet from the intersection of the street boundary lines, or in the case of a rounded property corner, from the intersection of the street boundary lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street boundary line with the edge of a 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.

Section 8.15. Parking. No vehicle, trailer, implements or apparatus may be driven or parked in the Common Maintenance Area or on any easement.

Section 8.16. 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.

Section 8.17. Building Standards. No building shall be erected or maintained on any Lot unless it complies with all applicable standards, including any governmental ordinances.

Section 8.18. Fences: Walls. No fence shall be built in front of the fifty (50) foot set back line or the house set back line, whichever is greater. All retaining walls built in front of the house (meaning also the front sides) are to be of Brick, Concrete or Stone. Railroad ties, landscape timbers, etc. are permitted from the rear-house set back line to the rear of the property. Corner lots shall not be allowed to have fences nearer than ten percent (10%) of the width of the Lot from the side lot lines. All fencing walls or screening fences shall be of first quality residential type which is harmonious and compatible with the residential character of the development. No barbed wire or rural woven wire may be used on boundary lot lines. The Architectural Control Committee must pass in writing on the type, character, location and height of any fence or wall that is proposed for construction in the development. All fences and walls shall be maintained in a sound state by the Owner, and the Committee shall have the right to order compliance with this provision. Failure to maintain a fence or wall in a sound, orderly and secure state shall constitute a violation of this restriction.

Section 8.19. 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.

Section 8.20. Chimneys. All fireplaces, flues, smoke stacks, and spark erectors shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the principle finish material of the exterior walls of the dwelling.

Section 8.21. Clothes Hanging Devices. Exterior clothes hanging devices shall not be permitted.

Section 8.22. Window Treatment. No aluminum foil, reflective film or similar treatment shall be place on window or glass doors.

Section 8.23. No Dam or Other Obstruction. No dam or other obstruction shall be erected in or across a creek by any Owner without the consent of the Architectural Control Committee in writing being obtained first, and the Declarant shall never be liable to any Owner in the Subdivision because of any overflow or flooding of said creek, even though the flow of said creek shall be increased because of development of adjacent or nearby Properties by the Declarant, or others, or because of any act of omission of the Town of Flower Mound, or the County of Denton in handling of storm drainage water.

ARTICLE 9

ANNEXATION

Section 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.

Section 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 approval as set forth in Subsection (b) above. Any property that is contiguous to existing Property to this Declaration may be annexed hereto 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 Subsection 9.1 (a) above executed by the parties herein described.

Section 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.

Section 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 2.8 (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 by 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

Section 10.1. Remedies. In the event of any default by any Owner under the provisions of the Declaration, By-Laws or rules and regulation 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 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 the 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.

Section 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

extended for successive periods of ten (10) years, unless seventy-five percent (75%) of the votes outstanding shall have voted to terminate this Declaration and 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 written instrument signed by seventy-five percent (75%) of the Owners and counter signed 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 counter-signed 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 throughout the area office having jurisdiction over the Association.) Any amendment must be recorded in the Denton County Land records. The Association may not be dissolved without prior written consent of the Town.

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

Section 10.4. Reserved Rights of Declarant. Notwithstanding any other provision hereof, Declarant reserves the right (upon application and request of the Owner of any Lot) to waive, vary or amend (by an appropriate letter to that effect addressed and delivered to such applicant Owner by Declarant) the application of any of these covenants, conditions and restrictions to such Lot if, the Declarant in its' discretion deems such action be necessary to relieve hardship or permit good architectural planning to be affected; provided that no waiver or amendment of these covenants, conditions and restrictions may be made without the prior written consent of the Town.

(a) To redivide and replat any of the Property shown on the Plat of any Lot or Unit now or hereafter recorded for any Lot or Unit of the Property at anytime in question owned by the Declarant without any notice or consent of any other Owner; provided, however that such Replat shall be subject to all pertinent Town Codes and Ordinances then in existence.

Section 10.5. Sales Office. Declarant may designate the location of a sales office for use in offering Lots for sale, and for all purposes incident thereto. Said use shall cease at such time as seventy-five percent (75%) of the Lots in all have been sold and Units, Dwelling or Residences are constructed thereon.

Section 10.6. 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, representative, 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 deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Article of Incorporation and By-Laws, whether or not mention thereof is made in said deed.

Section 10.7. 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 responsibility of the Association if the Association fails to do so in compliance with any of the provisions of this Declaration, the agreements, covenants, conditions 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 operations, 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:

KEN HODGE AND
ASSOCIATES, INC.

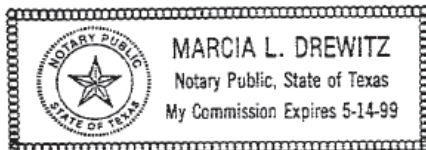
Ken Hodge

Ken Hodge
President

STATE OF TEXAS

COUNTY OF Denton

The foregoing instrument was acknowledged before me on this 9
day of March, 1996, by Ken Hodge,
of Ken Hodge & Assoc, Inc.,
on behalf of said corporation.



Marcia L. Drewitz
Notary Public in and for the
State of Texas

Filed for Record in:
DENTON COUNTY, TX
HONORABLE TIM HODGES/COUNTY
CLERK

On Mar 27 1996
At 2:41pm

Doc/Num : 96-R0020370
Doc/Type : DEC
Recording: 63.00
Doc/Mgmt : 6.00
Receipt #: 9543
Deputy - CASSY