

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR STILLWATER CANYON

THIS DECLARATION is made on the date hereinafter set forth by CL Texas, L.P., a Texas limited partnership, hereinafter referred to as the "Declarant".

2565668

4184125
09/26/03

\$47.00 Deed

WITNESSETH

WHEREAS, the Declarant is the owner of certain real property in the City of DeSoto, Dallas County, Texas, which is described in Exhibit "A" attached hereto and made a part hereof.

WHEREAS, Declarant desires to create an exclusive planned community known as Stillwater Canyon of which the Affected Lots are a part 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 Affected Lots (hereinafter described) shall be held, sold and conveyed subject to the restrictions, covenants and conditions declared below, all of which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Affected Lot and other portions of the Property (hereinafter described) in order to maintain within the Property a planned community of high standards. All of such covenants shall be binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Property" shall mean and refer to the real property described in Exhibit "A", and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to this Declaration.

Section 2. "Association" shall mean and refer to the Stillwater Canyon Homeowners Association, Inc., a Texas not-for-profit corporation established for the purpose set forth herein.

Section 3. "Lot" shall mean and refer to any plot of land indicated upon any recorded subdivision map of the Property or any part thereof creating single-family homesites, with the exception of the Common Area and areas deeded to a governmental authority or utility, together with all improvements thereon.

Section 4. "Affected Lot" shall mean and refer to those Lots now existing on the Property or such lots that are hereafter added to the membership of the Association from time to time as allowed by this Declaration.

Section 5. "Unit" shall mean and refer to any residential dwelling situated upon any Lot.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Affected Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to CL Texas, L.P., a Texas limited partnership, its successors and assigns who are specifically designated as the successor-in-interest to the Declarant 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 or assign.

Section 8. "Common Areas" shall mean and refer to (i) the wall(s) and landscaping, as shown on any recorded subdivision map of the Property or any part thereof, (ii) that portion of the property hereinafter depicted and/or designated as Common Areas on any plat(s) and recorded in the Real Property Records of Dallas County, Texas, including, but not limited to a certain 1.756 acre community park, recreation center and swim facility (the "Swim Club"), (iii) the Project Amenities (herein so called) described in Section 2.F. of that certain Ordinance No. 1535-03 passed by the City of DeSoto, Texas, and amended by that certain Ordinance No. 1431-01 (the "Ordinance") and (iv) any and all entry features and entrance monuments, and (iv) all other property hereinafter designated by the Declarant as "Common Areas".

Section 9. "Common Maintenance Areas" shall mean and refer to the Common Areas and the entrance monuments, drainage facilities, detention ponds, right-of-way landscaping, and such other areas lying within dedicated public easements or right-of-way as deemed appropriate by the Board of Directors of the Association for the preservation, protection and enhancement of the property values and the general health, safety or welfare of the Owners.

Section 10. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Stillwater Canyon, and any amendments, annexations and supplements thereto made in accordance with its terms.

Section 11. "PID" shall mean the Public Improvement District No. 2 established by the City of DeSoto, Texas pursuant to the Ordinance to provide supplemental maintenance service for the Common Maintenance Areas, including the Project Amenities.

Section 12. "Board" and "Board of Directors" shall mean and refer to the Board of Directors of the Association.

**ARTICLE II
ESTATES OF STILLWATER CANYON HOMEOWNERS ASSOCIATION, INC.**

Section 1. Membership. The Declarant and every other Owner of an Affected Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Affected Lot. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association.

Section 2. Funding. Subject to the terms of this Article, Declarant, for each Affected Lot owned by Declarant, hereby covenants to pay, and each Owner of any Affected Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay (as a portion of the consideration and purchase money paid by each such Owner for such Affected Lot) 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. To the maximum extent permitted by applicable law, the annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall run with the land and 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 Affected 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 3. Assessments.

(a) Units Owned by Class A Members. Subject to the terms of this Article, each Affected Lot is hereby subject to an initial maximum assessment of \$440.00 per annum [until such assessment shall be increased in accordance with the By-Laws of the Association (provided that the maximum annual assessment may be increased each year not more than 10% above the maximum assessment for the previous year without a vote of the membership of the Association, as provided in the By-Laws of the Association)], for the purpose of creating a fund to be designated and known as the "assessment fund", which assessment will be paid by the Owner of each Affected Lot (which Owner is also a Class A member) in advance in monthly, quarterly or annual installments, commencing as to an Affected Lot on the earlier to occur of (i) one hundred twenty (120) days after the conveyance of such Affected Lot to a Class A Member by Declarant or (ii) on the resell of such Affected Lot owned by such Class A Member to a third party; however, Affected Lots owned by Declarant (even after Declarant ceases to be a Class B Member) or any other successor Declarant (even after such successor Declarant ceases to be a Class B Member) shall not be subjected to any assessments unless and until Declarant, successor Declarant or such other Class B Member(s) complete construction of a Unit on such Affected Lot. The rate at which each Affected Lot will be assessed, and whether such assessment shall be payable monthly, quarterly or annually, will be determined by the Board of Directors of the Association at least thirty (30) days in advance of each affected assessment period. Said rate may be adjusted from time to time by the Board of Directors as the needs of the Association may, in the judgment of the Directors, require. The assessment for each Affected Lot shall be uniform. 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) Purpose of Assessment Fund. The Association shall establish an assessment fund composed of Owners' annual assessments and shall use the proceeds of such fund 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, cleaning, mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for existing landscaping and related facilities) 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 costs and expenses incurred in connection with the enforcement of all recorded covenants, restrictions and conditions affecting the property to which the assessment fund applies, including without limitation costs and expenses paid or incurred in connection with insuring such property and the payment of any and all taxes thereon; payment of all reasonable and necessary expenses in connection with the collection and administration of the assessments; employment of policemen and watchmen, if any, engagement of a manager or management firm to operate and/or maintain all or any portion of the Common Maintenance Areas caring for vacant lots; and doing any other thing or things necessary or desirable in the opinion of the Board of Directors of the Association 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 of Directors 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 for the periodic maintenance, repair and replacement of improvements of the Common

Maintenance Area. The fund shall be established and maintained out of regular annual assessments.

(c) Special Assessment for Working Capital Fund, Nonrecurring Maintenance and Capital Improvements. In addition to the annual assessments authorized above, the Association may, by a vote of two-thirds (2/3) of members, in the aggregate, who are voting in person or by proxy at a meeting called for this purpose, levy special assessments as follows: 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 of a capital improvement upon any Common Area, including fixtures and personal property related thereto may be assessed. The Association shall not commingle the proceeds of such special assessment with the assessment fund. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question.

Section 4. Non-payment of Assessments; Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall bear interest from the 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, and/or to the extent not otherwise prohibited by the Texas Property Code, foreclose the lien retained herein against the Affected Lot, in accordance with the terms and provisions of: (i) Section 51.002 of the Texas Property Code, as amended, and (ii) Chapter 209 of the Texas Property Code, as amended. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his or her Affected Lot.

Section 5. Subordinated Lien to Secure Payment and Performance. To secure the payment of the assessments established hereby and to be levied on individual Affected Lots as above provided, and the performance by the Owners of the Affected Lots of all of the duties, obligations and indebtedness of such Owners as set forth herein and in the Bylaws of the Association, subject, however, to Section 209.009 of the Texas Property Code, 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 Affected 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 Affected Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Affected 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, which shall be sent to the nearest office of the lienholder 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 lienholder, any such 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 an Affected Lot shall not affect the assessment lien. However, the sale or transfer of any Affected 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 Affected 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 Real Property Records of Dallas County, Texas. Notwithstanding anything contained herein to the contrary unless subsequent statutes and laws expressly permit or allow the Association to do otherwise, the Association may not foreclose its assessment lien if the debt securing the lien consists solely of fines assessed by the Association or attorney's fees incurred by the Association solely associated with fines assessed by the Association.

Section 6. Voting Rights. The Association shall have two classes of voting membership:

(a) **Class A.** Class A members shall be all Owners with the exception of Declarant and shall be entitled to one (1) vote for each Affected Lot owned. When more than one person holds an interest in any Affected Lot, all such persons shall be members, but the vote for such Affected 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 Affected Lot.

(b) **Class B.** The Class B member shall be the Declarant who shall be entitled to three (3) votes for each unoccupied Affected Lot owned by it. The Class B membership shall cease and be converted to Class A membership one hundred twenty (120) days after the conveyance of the Affected Lot which causes the total votes outstanding in the Class A membership to equal the total votes outstanding in the Class B membership, or ten (10) years after conveyance of the first Affected Lot by Declarant, whichever occurs earlier. Class B membership shall be reinstated at any time before the expiration of twenty (20) years from the date of conveyance of the first Affected Lot if additional Affected 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 the Property. The conversion of a Class B membership held by Declarant or any successor-in-interest to Declarant to a Class A membership shall not affect the provisions set forth in Article II, Section 3(a) above.

(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. The suspension of voting rights pursuant to the foregoing sentence is automatic and the Association is not required to provide Owner with notice of suspension of voting rights, nor is the Owner entitled to a hearing as is otherwise required pursuant to Section 209.006 of the Texas Property Code in order to suspend an Owner with respect to an Owner's right to use the Common Areas.

Section 7. Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized herein shall be sent to all members via first class mail, postage prepaid, or delivered to their residences, not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. Except as otherwise expressly provided in the Articles of Incorporation of the Association, at any such meeting called, the presence of members or of proxies of the 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 in accordance with the terms and provisions of the immediately preceding sentence). No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

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

Section 1. Purpose of Assessment Fund. The Board, for the benefit of the owners, shall provide and shall pay out of the assessment fund provided for in Article II 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) Perpetual care and preservation of the Common Maintenance Area and Common Area, including the Project Amenities.

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

(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.

Section 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.

(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, as the Board sees fit, and to provide adequate reserves for replacements, as the Board sees fit.

(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.

(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 made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules, as the Board sees fit.

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

(j) To cause the Association to ensure the City of DeSoto the continuous and perpetual use, operation, maintenance and/or supervision of all Common Areas that are the responsibility of the Association and to establish a reserve fund for such purposes.

Section 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 assessment fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein.

Section 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, and in compliance with all applicable laws, rules and regulations.

ARTICLE IV TITLE TO COMMON AREAS AND MAINTENANCE OBLIGATIONS

Section 1. Maintenance/Conveyance. Prior to the conveyance of the Common Areas to the Association, Declarant shall be responsible for the continuous and perpetual operation, maintenance and supervision of the Common Areas; provided, however, Declarant shall be entitled to receive and use all annual assessments collected by the Association to defray and offset expenses Declarant incurs in connection with the operation, maintenance and supervision of the Common Areas and to receive and use the special assessments collected by the Association to defray and offset any capital improvements to the Common Areas. The Declarant covenants and agrees to grant and convey by special warranty deed unto the Association all of its right, title and interest in and to the Common Areas, at such time as the Common Area, including Project Amenities, improvements have been completed and accepted by the City of DeSoto, Texas, provided such improvements are complete and in good working order and have not been previously conveyed to the Association pursuant to Section 2.H.2. of the Ordinance, whereupon the Association shall assume all maintenance obligations with respect to any Common Areas which may then exist or thereafter be established. Upon conveyance of the Common Areas, the Association shall be obligated and responsible for the continuous operation, maintenance and supervision of the Common Areas. Nothing contained herein shall create an obligation on the part of Declarant to establish any additional Common Areas.

Section 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 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 be determined.

Section 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 are it deems reasonably 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 assessment fund.

ARTICLE V EASEMENTS

Section 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 Affected Lot outside of the permitted building area of such Affected Lot as reasonably required for the providing of ingress and egress in connection with the installation, replacement, repair, maintenance, use and operation of all utility and service lines and service systems, public and private, including, without limitation, cable television, to the Property. 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 easements described herein.

Section 2. Declarant's Easement to 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 reasonably 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 damages, as may be reasonably 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 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 4. Entry Easement. In the event that the Owner fails to maintain the Affected Lot as required herein, or in the event emergency repairs are required, the Declarant hereby reserves an easement to enter upon any such Affected Lot and to do the work reasonably necessary for the proper maintenance and operation of the Property. Entry upon the Affected 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. 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 easement areas, no structure, plant or material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may hinder or change the direction or flow of drainage channels or slopes in the easements. The easement area of each Affected Lot and all improvements contained therein shall be maintained continuously by the Owner of the

Affected Lot, except for those improvements for which a public authority, utility company or the Association is responsible.

Section 6. Temporary Completion Easement. All Affected 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 and rear yards of the Property as may be reasonably expedient or necessary for the construction, servicing and completion of dwellings and landscaping upon Affected Lots adjacent to the Property, provided that such easement shall terminate twelve (12) months after the date such Affected Lot is conveyed to the Owner by the Declarant.

Section 7. City of DeSoto Easement. All Common Areas, including the Project Amenities, shall be subject to easements of ingress and egress for the benefit of the City of DeSoto, Texas and its lawful agents (i) to remove any landscape systems, features or elements located on any part of the Common Area that ceases to be maintained by the Association; and (ii) to perform the duties, obligations and responsibilities of the Association and its Board of Directors related to the Common Areas, including the Project Amenities, if the Association fails to do so in compliance with any provisions of this Declaration or any agreement of the Association or of any applicable City of DeSoto, Texas codes or regulations.

ARTICLE VI USE AND OCCUPANCY

All Affected Lots and dwellings shall be used and occupied for single-family residence purposes. No Affected 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) yard/garage sales of no more than two (2) days duration each during any twelve (12) month period.

ARTICLE VII PROPERTY RIGHTS

Section 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 Affected 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 Affected 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 signed by Owners entitled to cast two-thirds (2/3) of the votes of each class of membership has been recorded agreeing to such dedication or transfer;

(d) The rights of the Association set forth in Section 2 of this Article VII; and

(e) 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.

Section 2. Swim Club. Notwithstanding anything set forth or implied herein to the contrary, the rights of the Owners set forth in Section 1 of this Article VII with respect to the Swim Club are nonexclusive, and the Association may elect to permit owners of homes in subdivisions other than the Property to have access to and to use and enjoy the Swim Club upon terms and conditions reasonably established by the Association.

Section 3. Effect of Declaration. Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, 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, restrictions and covenants were fully related and set forth in their entirety in said documents.

Section 4. Rezoning Prohibited. No Affected 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 Affected 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 VIII USE RESTRICTIONS/MINIMUM DWELLING UNIT SIZES

Section 1. Nuisances. No noxious or offensive activity shall be carried on upon any Affected Lot, nor shall anything be done which may be or may become an annoyance or nuisance to the neighborhood.

Section 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 reasonably convenient to the development of the Property and the construction and sale of dwelling units on the Property, including without limitation the right to place and maintain on the Property construction trailers, model homes, marketing facilities, signage, lighting, construction trucks, equipment and other similar items necessary for the construction on and marketing of the Property.

Section 3. Temporary Structures. Except as otherwise expressly set forth herein, no structures 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 Affected Lot at any time as a residence, either temporarily or permanently.

Section 4. Signs and Picketing. No sign or emblem of any kind may be kept or placed upon any Affected Lot or mounted, painted or attached to any Unit, fence or other improvement upon such Affected Lot so as to be visible from public view except the following:

(a) For Sale Signs. An Owner may erect on (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 Affected Lot for sale.

(b) Declarant's Signs. Signs or billboards may be erected by the Declarant or builder(s) building houses on any Lots in the ordinary course of such builder's business.

(c) Political Signs. Political signs may be erected upon an Affected Lot by the Owner of such Affected 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 a reasonable period of time [in no event to exceed one hundred eighty (180) days] in advance of the election to which they pertain and are removed within fifteen (15) days after the election.

In addition to the foregoing, to protect the safety and harmony of the community, no person shall engage in picketing on any Affected 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 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 Affected 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.

Section 6. Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Affected 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 7. Garbage and Refuse Disposal. No Affected 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. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 8. Sight Distance at Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Affected 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 9. Parking. No vehicles, trailers, implements or apparatus may be driven or parked in the Common Maintenance Area, Common Area or on any easement.

Section 10. Commercial or Institutional Use. No Affected Lot, and no building erected or maintained on any Affected Lot shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes, except as permitted under Article VI above with respect to a maximum of no more than two (2) garage/yard sales of no more than two (2) days duration in any twelve (12) month period..

Section 11. Building Standards. No building shall be erected or maintained on any Affected Lot unless it complies with all applicable governmental ordinances, laws, rules and regulations. In addition, no building, structure, fence wall or improvement shall be erected or maintained on any Affected Lot unless same has been approved by the Committee (hereinafter defined) pursuant to the terms and provisions of Section 19 of this Article VIII.

Section 12. Detached Buildings. No detached accessory buildings (including, but not limited to, storage buildings), save and except for any detached garages approved by the Committee (hereinafter defined), or a majority of its members as set forth in Section 19 of this Article VIII, shall be erected, placed or constructed upon any Affected Lot without prior consent of the Board of Directors.

Section 13. Fences. No fence, wall or hedge shall be erected or maintained on any Affected Lot nearer to the street than the building setback lines for the front and side yards. No fence, wall or hedge shall be erected or maintained on any Affected Lot which shall exceed six (6) feet in height.

Section 14. Antennae, Satellite Dishes and Solar Collectors. Except as may be expressly pre-empted by federal or state laws and/or regulations, 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 Affected 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 (and, in the case of a corner lot, also screened from public view at a point in the center of the public right-of-way to the side of) the house erected on such Affected Lot.

Section 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.

Section 16. Clothes Hanging Devices. Exterior clothes hanging devices shall not be permitted.

Section 17. Window Treatment. No aluminum foil, reflective film or similar treatment shall be placed on window or glass doors.

Section 18. Water Wells. The drilling, operating or maintaining of any water wells on any Affected Lot shall not be permitted.

Section 19. Architectural Control Committee. The Architectural Control Committee (hereinafter called the "Committee") shall be composed of three (3) individuals selected and appointed by the Association, each generally familiar with residential and community development design matters and knowledgeable about the Association's concern for a high level of taste and design standards within the Property. The Committee shall function as the representative of the Owners of the Affected Lots for the purposes herein set forth as well as for all other purposes consistent with the creation and preservation of a first-class community development. The Committee shall use its best efforts to promote and ensure a high level of taste, design, quality, harmony and conformity throughout the Property.

In the event of the death or resignation of any member of the Committee, the Association shall have full authority to designate and appoint a successor. No member of the Committee shall be liable for, and shall be indemnified against, claims, causes of action or damages (except where occasioned by gross negligence or arbitrary and capricious conduct) arising out of services performed pursuant to this Declaration. The Committee shall be entitled, at any time and from time to time, to seek and obtain professional advice and counsel (including but not limited to architects, attorneys, designers, engineers and landscape technicians) in connection with the performance of its duties and all reasonable costs and expenses related thereto paid for or reimbursed by the Association. The Association shall have the right and power to impose and collect a reasonable fee from each Owner for the review and approval/disapproval process and services rendered by the Committee.

No building, structure, fence, wall or improvement of any kind or nature shall be erected, placed or altered on any Affected Lot until all plans and specifications, a plot plan and one or more surveys have been submitted to and approved in writing by the Committee, or a majority of its members, as to:

- (1) quality of workmanship and materials; adequacy of site dimensions; adequacy of structural design; proper facing of main elevation with respect to nearby streets;

(ii) minimum finished floor elevation, mandatory brick shelf elevation, and proposed footprint of the dwelling;

(iii) conformity and harmony of the external design, color, type and appearance of exterior surfaces and landscaping;

(iv) location with respect to topography and finished grade elevation and effect of location and use on neighboring Affected Lots and improvements situated thereon; drainage arrangements; and

(v) the other standards set forth within this Declaration (and any amendments hereto) or as may be set forth within bulletins promulgated by the Committee, or matters in which the Committee has been vested with the authority to render a final interpretation and decision.

The Committee is authorized and empowered to consider and review any and all aspects of dwelling construction which may, in the reasonable opinion of the Committee, adversely affect the living enjoyment of one or more Owners or the general value of the Property.

Final plans, specifications and surveys shall be submitted in duplicate to the Committee for approval or disapproval. The Committee is authorized to request the submission of samples of proposed construction materials. At such time as the plans, specifications and surveys meet the approval of the Committee, one complete set of plans, specifications and surveys will be retained by the Committee and the other complete set will be marked "Approved" and returned to the Owner or his designated representative. If found not to be in compliance with this Declaration, one set of such plans, specifications and surveys shall be returned "Disapproved," accompanied by a reasonable statement of items found not to comply with this Declaration. Any modification or change to the approved set of plans, specifications and surveys must again be submitted to the Committee for its inspection and approval. The Committee's approval or disapproval, as required herein, shall be evidenced in writing. If the Committee fails to approve or disapprove such plans, specifications and surveys within fifteen (15) days after the date of submission, then such instruments shall be submitted by such Owner to the Board of Directors of the Association. If the Board of Directors fails to approve or disapprove such plans, specifications and surveys within fifteen (15) days, then the Committee and Association approval shall be presumed. Once any plans and specifications for a house (the "House Plans") have been approved by the Committee or the Board of Directors (or deemed approved), such plans and specifications may continue to be utilized by the party submitting same for other houses to be constructed on other Affected Lots without the necessity of having said House Plans reapproved provided that any material modifications to such previously approved House Plans must once again be submitted to the Committee for approval as hereinabove provided.

The Committee may from time to time publish and promulgate architectural standards bulletins and/or lot information sheets which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of this Declaration. Unless otherwise indicated herein, the Committee shall not have unbridled discretion with respect to taste, design and any standards specified herein, and the Committee shall be responsive to technological advances or general changes in architectural designs and materials and related conditions in future years and use its best efforts to balance the equities between matters of taste and design (on the one hand) and use of private property (on the other hand). Such bulletins and lot information sheets shall supplement this Declaration and are incorporated herein by reference. EACH OWNER SHALL SEEK AND OBTAIN AND BECOME THOROUGHLY FAMILIAR WITH ANY AND ALL ARCHITECTURAL STANDARDS BULLETINS AND LOT INFORMATION SHEETS PRIOR TO ACQUISITION OF, AND CONSTRUCTION ON, ANY AFFECTED LOT.

Section 20. Dwelling Unit Size.

(a) Single family residential dwelling units ("Unit") constructed (i) on any Lot must comply with all applicable governmental requirements applicable thereto, including, but not necessarily limited to, the City of DeSoto, Texas.

(b) The exterior wall surface of the first floor of all Units shall have a minimum of seventy-five percent (75%) masonry exterior, excluding windows, doors and gables.

(c) All retaining walls constructed on the Property must be constructed with properly engineered concrete, masonry or other material(s) approved in writing by the Committee.

Section 21. Oil and Mining Operations. No oil drilling or development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Affected Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Affected Lot. No derrick or other structure designed for use in boring for oil or natural gas or other minerals shall be erected, maintained or permitted upon any Affected Lot.

**ARTICLE IX
ANNEXATION**

Section 1. Annexation by Declarant. At any time during the initial term of this Declaration, the Declarant may, at its sole option, 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. 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 2. Annexation by Action of Members. At any time the Board of Directors 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. 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 1a above executed by the parties herein described.

Section 3. No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any property to this Declaration.

Section 4. Effect of Annexation on Class B Membership. In determining the number of Affected Lots owned by Declarant for the purpose of Class B Membership status according to Article II, Section 6, the total number of Affected Lots covered by the Declaration including all Affected Lots annexed thereto shall be considered. If Class B Membership has previously expired but annexation of additional property restores the ratio of Affected Lots owned by Declarant to the number required for Class B Membership, such Class B Membership shall be reinstated.

**ARTICLE X
GENERAL**

Section 1. Remedies. In the event of any default by any Owner under the provisions of this

DECLARATION, By-Laws or Rules and Regulations of the Association, the Association and/or 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 (including without limitation the rights and remedies set forth in Section 51.002 of the Texas Property Code, as amended, and Chapter 209 of the Texas Property Code, as amended), and may prosecute any action or other proceedings 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 Affected 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 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 Affected Lot and upon all of his additions and improvements thereto, and upon all of his personal property upon the Affected 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 2. Term and Amendments. The covenants and restrictions of 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: (a) seventy-five percent (75%) of the total votes, in the aggregate, of the outstanding votes shall have voted to terminate the covenants and restrictions of this Declaration upon the expiration of the initial twenty-five (25) year period, or any extension thereof, and (b) the City of DeSoto expressly consents in writing to such termination, which termination shall be by written instrument signed by seventy-five percent (75%) of the total Owners, in the aggregate, and signed by the City of DeSoto and thereafter properly recorded in the Real Property Records of Dallas County, Texas. This Declaration may only be amended by an instrument signed by Owners constituting not less than seventy-five percent (75%) of the total votes, in the aggregate, of the Association. If any provision contained in any amendment is in violation of the City of DeSoto's Ordinance No. 1535-03, then such provision shall not be effective unless consented to in writing by the City of DeSoto. Any amendment must be recorded. Notwithstanding any provisions hereof to the contrary, the Declarant may, at its sole discretion and without consent being required of anyone (except that the City of DeSoto's written consent is required if the modification, amendment or repeal pertains to the use, operation, maintenance or supervision of the Common Areas), (i) modify, amend, or repeal this Declaration at any time prior to the closing of the sale of the first Affected Lot, provided said amendment, modification, or repeal is in writing and properly recorded in the Real Property Records of Dallas County, Texas and/or (ii) amend this Declaration to cause this Declaration to be in compliance with any and all applicable laws, rules and regulations (including without limitation any and all applicable laws, rules and regulations of the Federal Housing Administration and/or the Veterans Administration).

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 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 or the acceptance of a deed conveying a Affected Lot of any ownership interest in the Affected Lot whatsoever, the person to whom such Affected 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 Articles of Incorporation and By-Laws, whether or not mention thereof is made in said deed.

Section 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, but only to the extent required by the then current and applicable FHA or VA rules and regulations, but not otherwise:

(a) FHAVA 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 or the Veterans Administration, as applicable: (1) addition of properties except as set forth in Article X, (2) dedication of Common Areas, and (3) amendment of this Declaration.

(b) Institutional Lienholders. The following actions will require notice to all institutional holders of first mortgage liens who have notified the Association in writing of their address to which such notices are to be delivered: (1) abandonment or termination of the Association; or (2) material amendment to the Declaration.

(c) Notice to Mortgagees. Upon the request of any first mortgagee of a dwelling on an Affected 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) Required Consent. Unless at least seventy-five percent (75%) [or such lesser percentage as is allowed or permitted by applicable FHA or VA regulations from time to time] of the first mortgagees (based upon one vote for each mortgage) 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 dwellings or maintenance of the dwellings 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 basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs).

(e) Pronouns. 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.

Section 6. 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.

Section 7. Conflicts. In the event of conflict between the terms of this Declaration and the Bylaws, rules, regulations or Articles of Incorporation of the Association, this Declaration shall control.

Section 8. Floodplain. In the event any of the Affected Lots are located partially within a floodplain or flood prone area, such Affected Lots, and the construction of any improvements thereon, must conform with the rules, regulations and guidelines set forth in all applicable City of DeSoto, Texas, flood management ordinance(s) and other applicable laws, rules and regulations.

Section 9. Enforceability by and Indemnification of the City of DeSoto. All rights granted or retained by the Association and its Board of Directors hereunder shall inure to the benefit of, and be enforceable by, the City of DeSoto, Texas. The City of DeSoto or its lawful agents, after due notice to the Association, are hereby granted the right to: (i) remove any landscape systems, features or elements that cease to be maintained by the Association, (ii) perform and discharge the responsibilities of the Association and its Board of Directors if the Association fails to do so in compliance with any provisions of the Articles of Incorporation of the Association, Bylaws of the Association, this Declaration or any applicable City of DeSoto codes or regulations; (iii) assess the Association for all reasonable costs incurred by the City of DeSoto in performing said responsibilities if the Association fails to do so; and/or (iv) avail itself of any other enforcement actions available to the City of DeSoto pursuant to Texas law or the ordinances, codes and/or regulations of the City of DeSoto. The Association, by its acceptance of the Deed to the Common Areas from Declarant, expressly agrees to indemnify and hold the City of DeSoto 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 City of DeSoto's removal of any landscape systems, features or elements that cease to be maintained by the Declarant.

Section 10. Validity. To the maximum extent permitted by applicable law, including but not limited to Chapter 209 of the Texas Property Code, the terms and provisions of this Declaration shall supercede any conflicting statutory terms and provisions. If any term or provision of this Declaration or the performance thereof shall to any extent be invalid or unenforceable, such invalidity or unenforceability shall not effect or render invalid or enforceable any other provision of this Declaration, and there shall be substituted for such invalid or unenforceable term or provision a term or provision with a meaning as near thereto as is reasonably practicable which is not invalid or unenforceable and this Declaration shall be valid and enforced to the fullest extent permitted by law.

Section 11. Counterparts. This Declaration may be executed in one or more counterparts, all of which, when taken together, shall constitute one and the same Declaration.

ARTICLE XI PUBLIC IMPROVEMENT DISTRICT

NOTICE: THE CITY OF DESOTO HAS ESTABLISHED PUBLIC IMPROVEMENT DISTRICT NO. 2 FOR SUPPLEMENTAL MAINTENANCE SERVICES FOR THE PROPERTY AND AFFECTED LOTS. THE PID HAS THE RIGHT TO ASSUME THE RESPONSIBILITY FOR THE MAINTENANCE, REPAIR AND REPLACEMENT OF THE COMMON MAINTENANCE AREA AND ALL IMPROVEMENTS LOCATED THEREIN. IF AND WHEN THE PID DOES ASSUME SUCH RESPONSIBILITY THE CITY OF DESOTO WILL HAVE THE RIGHT TO ASSESS A SPECIAL TAX UPON ALL OWNERS AND AFFECTED LOTS WITHIN THE PID. EACH OWNER WILL NOTIFY THE PURCHASER OF AN AFFECTED LOT THAT THE AFFECTED LOT WILL BE SUBJECT TO A PID AND A SPECIAL TAX UPON AFFECTED LOTS.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed on its behalf, as of the 23rd day of SEPT, 2003.

DECLARANT:

CL TEXAS, L.P. a Texas limited partnership

By: CL Texas I GP, L.L.C., its general partner

By: *John K. Pierret*
John K. Pierret Vice President

THE STATE OF TEXAS

§
§
§

COUNTY OF DALLAS

This instrument was acknowledged before me on the 23rd day of September, 2003, by John K. Pierret, as Vice President of CL Texas I GP, L.L.C., the general partner of CL Texas, L.P., a Texas limited partnership, on behalf of said limited liability company and limited partnership

Jane Ellen Lindley
Notary Public, State of Texas

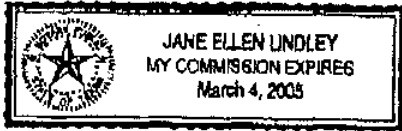


EXHIBIT "A"
FIELD NOTE DESCRIPTION

STATE OF TEXAS
COUNTY OF DALLAS

BEING a tract of land situated in the MICHAEL JAMES SURVEY, Abstract No. 710 and being a portion of tract of land conveyed to Frances Lee Gillette Reid & John Harold Reid as recorded in Volume 85253, Page 5283, Trinity Floor Company as recorded Volume 80109, Page 1671, Alvin & Patsy Massie as recorded in Volume 82220, Page 5189 of the Deed Records of Dallas County, Texas (DRDCT) and being more particularly described as follows;

COMMENCING at the intersection of the easterly Right-of-Way line of DUNCANVILLE ROAD and the northerly Right-of-Way line of BELTLINE ROAD - F.M. 1382;

THENCE departing the easterly Right-of-Way line of said DUNCANVILLE ROAD and along the northerly Right-of-Way line of said BELTLINE ROAD - F.M. 1382 South 89 deg 45 min 43 sec East a distance of 567.90 feet to the POINT OF BEGINNING;

THENCE departing the northerly Right-of-Way line of said BELTLINE ROAD North 00 deg 14 min 17 sec East a distance of 307.06 feet to a point for corner;

THENCE North 04 deg 42 min 39 sec East a distance of 1292.02 feet to a point for corner;

THENCE North 85 deg 17 min 23 sec West a distance of 679.60 feet to a point for corner in the easterly Right-of-Way line of said DUNCANVILLE ROAD and being the beginning of a non-tangent curve to the right having a radius of 681.78 feet and having a chord bearing of North 02 deg 48 min 47 sec West and a chord length of 32.85 feet;

THENCE along the easterly Right-of-Way line of said DUNCANVILLE ROAD as follows;

Continuing along said non-tangent curve to the right through a central angle of 02 deg 45 min 38 sec and an arc length of 32.85 feet to the point of tangency;

North 01 deg 25 min 58 sec West a distance of 83.80 feet to the beginning of a curve to the right having a radius of 920.31 feet and having a chord bearing of North 07 deg 57 min 02 sec East and a chord length of 300.09 feet;

Continuing along said curve to the right through a central angle of 18 deg 46 min 00 sec and an arc length of 301.44 feet to the point of tangency;

North 17 deg 20 min 02 sec East a distance of 34.80 feet to the beginning of a curve to the left having a radius of 672.30 feet and having a chord bearing of North 01 deg 20 min 58 sec West and a chord length of 430.73 feet;

Continuing along said curve to the left through a central angle of 37 deg 22 min 00 sec and an arc length of 438.45 feet to the point of tangency;

North 20 deg 01 min 58 sec West a distance of 15.10 feet to a point for corner;

North 13 deg 01 min 56 sec West a distance of 54.54 feet to a point for corner;

THENCE departing the easterly Right-of-Way line of said DUNCANVILLE ROAD South 89 deg 37 min 56 sec East a distance of 1885.43 feet to a point for corner;

THENCE North 89 deg 11 min 16 sec East a distance of 165.20 feet to a point for corner;

THENCE South 83 deg 32 min 40 sec East a distance of 159.63 feet to a point for corner;

THENCE South 00 deg 17 min 23 sec East a distance of 1536.90 feet to a point for corner;

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THENCE South 00 deg 12 min 17 sec West a distance of 1009.46 feet to a point for corner in the northerly Right-of-Way line of said BELTLINE ROAD - F.M. 1382;

THENCE along the northerly Right-of-Way line of said BELTLINE ROAD - F.M. 1382 as follows;

North 55 deg 12 min 48 sec West a distance of 19.25 feet to a point for corner;

South 84 deg 06 min 58 sec West a distance of 198.00 feet to a point for corner;

North 89 deg 42 min 03 sec West a distance of 120.88 feet to a point for corner;

THENCE departing the northerly Right-of-Way line of said BELTLINE ROAD - F.M. 1382 North 00 deg 18 min 50 sec East a distance of 294.78 feet to a point for corner;

THENCE North 89 deg 40 min 10 sec West a distance of 258.00 feet to a point for corner;

THENCE North 83 deg 38 min 34 sec West a distance of 187.28 feet to a point for corner;

THENCE South 26 deg 49 min 21 sec West a distance of 442.69 feet to a point for corner in the northerly Right-of-Way line of said BELTLINE ROAD - F.M. 1382;

THENCE along northerly Right-of-Way line of said BELTLINE ROAD - F.M. 1382 North 89 deg 45 min 43 sec West a distance of 706.50 feet to the POINT OF BEGINNING;

CONTAINING within these metes and bounds 104.878 acres or 4,568,476 square feet of land more or less.

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