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**DECLARATION OF ANNEXATION
AND
SUPPLEMENTAL DECLARATION NO. 1
(WITH JOINDER OF OWNER)**

THIS DECLARATION OF ANNEXATION AND SUPPLEMENTAL DECLARATION NO.1 (the "First Supplemental Declaration") is made effective as of the 31st day of December, 2004 by CL TEXAS, L.P., a Texas limited partnership (hereinafter referred to as the "Declarant") with the joinder and consent of LUMBERMEN'S INVESTMENT CORPORATION, a Delaware corporation (hereinafter referred to as the "Silver Creek Declarant").

WITNESSETH:

WHEREAS, Declarant executed a Declaration of Covenants, Conditions and Restrictions for Stillwater Canyon (the "Declaration"), dated the 23rd day of September, 2003, applicable to certain real property (the "Property") described in Exhibit "A" attached thereto, which Declaration was filed for record on September 26, 2003 in Volume 2003191, Pages 9440-9460 of the Real Property Records of Dallas County, Texas;

WHEREAS, Declarant has the absolute and unrestricted right to file this First Supplemental Declaration pursuant to the terms and provisions of the Declaration;

WHEREAS, Article IX, Section 1 of the Declaration permits the addition of additional property to the scheme thereof by the filing of record a Declaration of Annexation in the Real Property Records of Dallas County, Texas;

WHEREAS, the Silver Creek Declarant currently owns twenty-seven (27) lots in the Subdivision known as the Estates of Silver Creek Crossing located in the City of DeSoto, Dallas County, Texas, more particularly described on Supplemental Exhibit "A-1" attached hereto and incorporated herein for all purposes ("Adjacent Lots") and desires to subject such Adjacent Lots to the covenants, conditions and restrictions of the Declaration as hereinafter set forth for the purpose of permitting the owners of the Adjacent Lots the right to use the Swim Club (as defined in the Declaration) subject to the terms, provisions and requirements of this First Supplemental Declaration; and

WHEREAS, the Declarant desires to add the Adjacent Lots to the scheme of the Declaration and to provide that all of the applicable terms, provisions, requirements and obligations of the Declaration that apply to the Property also apply to the Adjacent Lots, subject, however, to the limitations, amendments and modifications set forth in this First Supplemental Declaration.

NOW, THEREFORE, the Declarant, with the express joinder and consent of the Silver Creek Declarant, hereby declares as follows:

- 1. Except to the extent otherwise expressly provided elsewhere in this First Supplemental Declaration, all capitalized terms set forth herein shall have the identical meaning as set forth in the Declaration.

2. The Adjacent Lots described in Supplemental Exhibit "A-1" attached hereto and fully incorporated herein by references for all purposes are and shall be subject to the scheme and terms, provisions, requirements and obligations of the Declaration to the extent herein specifically set forth, and are and shall be held, transferred, sold, conveyed, used and occupied subject to the covenants, charges and liens set forth in the Declaration (the Declaration being incorporated herein by reference for all purposes as modified herein), except as otherwise specifically set forth in this First Supplemental Declaration.

3. Article I of the Declaration shall be and is hereby amended and supplemented by adding the following additional definitions:

"Section 13. "Adjacent Lots" shall mean the lots described on Supplemental Exhibit "A-1". The terms "Lot" and "Affected Lot" shall not include any of the Adjacent Lots and vice versa.

"Section 14. "Adjacent Lot Owner(s)" shall mean the owner(s) of one or more of the Adjacent Lots. The term "Owner(s)" as defined in the Declaration shall not include any of the Adjacent Lot Owner(s) and vice versa."

4. Article II of the Declaration shall be and is hereby amended and supplemented by adding the following:

"Section 8. Non-Member Status of Adjacent Lot Owners. To the maximum extent permitted by applicable law, Adjacent Lot Owners shall not be members of the Association and shall have no voting rights or any other rights of membership in and to the Association other than the right to use the Swim Club on the same basis as any Owner(s); provided, however, in the event applicable case law and/or statutes require Adjacent Lot Owners to be members of the Association, then and only in such event:

(i) Adjacent Land Owners shall be deemed non-voting members of the Association;

(ii) such membership shall be appurtenant to and shall not be separated from ownership of any Adjacent Lots; and

(iii) Adjacent Lot Owners shall have the right at all reasonable times during business hours to inspect the books of the Association.

Section 9. Funding From Adjacent Lot Owners. The Silver Creek Declarant, for each Adjacent Lot owned by the Silver Creek Declarant, hereby covenants to pay, and each Adjacent Lot Owner of any Adjacent 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 Adjacent Lot Owner for such Adjacent Lot) to the Association: (i) the Annual Adjacent Lot Assessments (as hereinafter defined), and (ii) any and all Swim Club Special Assessments (as hereinafter defined) for capital improvements for the benefit of the

Swim Club, 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, Annual Adjacent Lot Assessments and Swim Club 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 Adjacent 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 Adjacent Lot Owner of such Adjacent Lot at the time when the assessment fell due. The personal obligation for such delinquent assessments shall not pass to the successors in title of such Adjacent Lot Owner unless expressly assumed by them, subject to the terms and provisions of Article II, Section 12 below.

Section 10. Annual Adjacent Lot Assessments and Swim Club Special Assessments.

(a) Residential Units Owned by Adjacent Lot Owners. Subject to the terms of this Section 10, each Adjacent Lot is hereby subject to a per annum assessment equal to the positive remainder obtained by subtracting (i) the annual assessment applicable to the affected assessment period assessed by the Estates of Silver Creek Crossing Homeowners Association, Inc. ("Silver Creek HOA") on Adjacent Lot Owners against their Adjacent Lots as members of the Silver Creek HOA from (ii) the then annual assessment applicable to the identical affected assessment period assessed by the Association against each Owner of an Affected Lot ("Annual Affected Lot Assessment") (with such positive remainder for such applicable calendar year being referred to herein as the "Annual Adjacent Lot Assessment"), which such Annual Adjacent Lot Assessment will be paid by the Adjacent Lot Owner of each Adjacent Lot in advance commencing as to an Adjacent Lot on the earlier to occur of one hundred twenty (120) days after the conveyance of such Adjacent Lot to a third party by the Silver Creek Declarant or on the resale of such Adjacent Lot owned by such Adjacent Lot Owner to a third party; however, Adjacent Lots owned by the Silver Creek Declarant or any other successor to the Silver Creek Declarant shall not be subjected to any Annual Adjacent Lot Assessments or Swim Club Special Assessment unless and until Silver Creek Declarant completes construction of a Unit on such Adjacent Lot. Notwithstanding the foregoing, in the event the City of DeSoto assumes responsibility for the Common Areas under the terms of the Public Improvement District described in Article XI of the Declaration, then in such event the Board of Directors shall in its reasonable discretion estimate what the Annual Affected Lot Assessment would have been for the Owners if the City of DeSoto had not assumed responsibility for the Common Area (the "Estimated Annual Affected Lot Assessment") and such Estimated Annual Affected Lot Assessment will be used by the Board of Directors in determining the Annual Adjacent Lot Assessment in lieu of an actual Annual Affected Lot Assessment. Payment of any assessment owed by Adjacent Lot Owners will be on the same payment schedule that Owners are required to pay their applicable assessments and/or special tax assessments assessed by the Public Improvement District, whichever is applicable. The amount that each Adjacent Lot will be assessed will be determined by the Board of Directors of the Association at least ten (10) days in advance of each affected assessment period; provided, however, if the Board

of Directors does not give notice of a change in the assessments, then in such event the amount will be the same as the prior assessment amount. The assessment for each Adjacent Lot shall be uniform as to all Adjacent Lot Owners. 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) Use of Annual Adjacent Lot Assessments. The Adjacent Lot Owners' Annual Adjacent Lot Assessments shall be used by the Association in accordance with Section 3(b) of Article II of the Declaration.

(c) Swim Club Special Assessment for Working Capital Fund, Nonrecurring Maintenance and Capital Improvements of Swim Club. In addition to the Annual Adjacent Lot Assessments authorized above, and to the extent the Association has pursuant to Section 3(c) of this Article II assessed its members a special assessment and provided such special assessment relates in whole or in part to the Swim Club, then in such event the Association may assess each of the Adjacent Lots a Swim Club Special Assessment in an amount equal to that portion of the special assessment that the Association assessed each Owner with regard to each Lot related to and applicable to the Swim Club facilities as is reasonably determined by the Board of Directors of the Association. The Association shall not commingle the proceeds of such special assessment with the general annual assessment fund. Such proceeds of special assessments shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question related to the Swim Club and for no other purpose.

Section 11. Non-payment of Assessments: Remedies of the Association. Any Annual Adjacent Lot Assessment and/or Swim Club Special 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 Adjacent Lot 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 Adjacent 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 Adjacent Lot Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Swim Club or abandonment of his or her Adjacent Lot.

Section 12. Subordinated Lien to Secure Payment and Performance. To secure the payment of the Annual Adjacent Lot Assessments and/or Swim Club Special Assessments established hereby and to be levied on individual Adjacent Lots as above provided, and the performance by the Adjacent Lot Owners of the Adjacent Lots of all of the duties, obligations and indebtedness of such Adjacent Lot Owners as set forth herein, subject, however, to Section 209.009 of the Texas Property Code, there is hereby

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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 Adjacent Lot Owner of any such Adjacent 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 Adjacent Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Adjacent 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 Adjacent Lot by any method other than pursuant to a valid mortgage foreclosure shall not affect the assessment lien. However, the valid sale or transfer of any Adjacent Lot pursuant to a 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 Adjacent Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the right to file notices of liens in favor of the Association in the 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."

5. Articles V, VI and VIII of the Declaration shall not be applicable to Adjacent Lots and/or Adjacent Lot Owners and neither the Declarant, the Association nor the Association's members may enforce Articles V, VI and/or VIII of the Declaration against any Adjacent Lot Owner or any Adjacent Lot.

6. Article VII shall be and is hereby amended and supplemented by adding the following additional sections:

"Section 5. Adjacent Lot Owner(s) Easement of Enjoyment. Every Adjacent Lot Owner shall have a right and easement in and to the Swim Club and a right and easement of ingress and egress to, from and through the Common Areas to the Swim Club and such easement shall be appurtenant to and shall pass with title to every Adjacent Lot, subject to same rules, restrictions and rights of the Association as set forth in Section 1, subparts (a), (b), (c), (d) and (e) of Article VII.

Section 6. Swim Club. Notwithstanding anything set forth or implied herein to the contrary, the rights of the Adjacent Lot Owners set forth in Article VII with respect to the Swim Club are nonexclusive, and the Declarant or the Association may elect to permit

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owners of homes in subdivisions (including but not limited to other homes within the subdivision known as the Estates of Silver Creek Crossing), other than the Property and Adjacent Lots, to have access to and to use and enjoy the Swim Club upon terms and conditions established by the Declarant or upon terms and provisions reasonably established by the Association.

"Section 7. Rezoning Prohibited. No Adjacent Lot shall be rezoned to any classification allowing commercial, institutional, other non-residential single-family use or multi-family use without the express consent of the Association and Declarant (as long as Declarant owns any Affected Lot [as defined in the Declaration] 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."

7. To the extent the terms and provisions of Article X of the Declaration do not conflict with the specific terms and provisions of this First Supplemental Declaration, then in such event and only in such event, the Adjacent Lots and Adjacent Lot Owners will be subject to the terms and provisions of Article X of the Declaration.

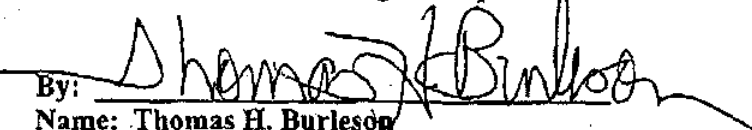
8. The Declaration, except as expressly modified herein, remains in full force and effect and is hereby ratified and confirmed.

EXECUTED on the 31st day of January, 2005, but effective on the day and year first above written.

DECLARANT:

CL TEXAS, L.P., a Texas limited partnership

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

By: 
Name: **Thomas H. Burleson**
Title: **Vice President**

The undersigned hereby joins in and consents to the foregoing First Supplemental Declaration.

SILVER CREEK DECLARANT:

LUMBERMEN'S INVESTMENT CORPORATION,
a Delaware corporation

By: *Thomas H. Burleson*

Name: Thomas H. Burleson
Title: Vice President

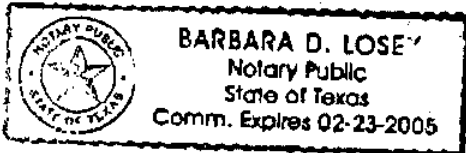
THE STATE OF TEXAS

COUNTY OF DALLAS

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BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Thomas H. Burleson Via Proxied of CL Texas I GP, L.L.C., known to me to be the General Partner of CL Texas, L.P., a Texas limited partnership, and acknowledged to me that he executed the same as the act and deed of said limited partnership, for the purposes and consideration therein expressed, and in his capacity as a General Partner of said limited partnership.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 31st day of January, 2005.



Barbara D. Losey
Notary Public, State of Texas

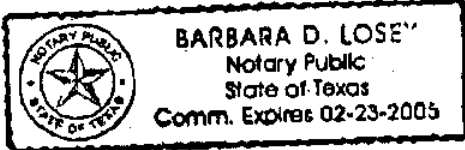
THE STATE OF TEXAS

COUNTY OF DALLAS

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BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Thomas H. Burleson, Vice President of LUMBERMEN'S INVESTMENT CORPORATION, a Delaware corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as a duly authorized officer of such corporation, and as the act and deed of such corporation, for the purposes and consideration therein expressed, and in the respective capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 31st day of January, 2005.



Barbara D. Losey
Notary Public, State of Texas

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SUPPLEMENTAL EXHIBIT "A-1"
("Adjacent Lots")

Block A, Lot 3; Block B, Lots 23, 24, 26, 28, 29 and 32; Block C, Lots 1, 2, 4 and 5; Block D, Lot 1, 2, 4, 5, 6, 9, 11 and 12; Block E, Lots 4 and 5; and Block F, Lots 1, 2, 3, 4, 5 and 6 of Silver Creek Crossing, Phase V, an Addition to the City of DeSoto, Dallas County, Texas, according to the plat thereof recorded in Volume 2002164, Page 99 of the Map Records of Dallas County, Texas.

AFTER RECORDING PLEASE RETURN TO:

Lumbermen's Investment Corporation
5495 Beltline Road, Suite 225
Dallas, TX 75254
Attn: Barbara Losey

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