

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SHADOW RIDGE SOUTH**

THIS DECLARATION is made on the date hereinafter set forth by FM-SR, Ltd., a Texas limited partnership, hereinafter referred to as the "Declarant."

WITNESSETH

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

WHEREAS, Declarant desires to create a planned community known as Shadow Ridge South on the Property and such other land as may be added thereto pursuant to the terms and provisions of this Declaration;

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

ARTICLE 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. The Property consists of Phase One and Phase Two.

Section 2. "Association" shall mean and refer to Shadow Ridge South 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. Until such time as that portion of the Property consisting of Phase Two is platted, Phase Two shall be treated as one Lot for purposes of this Declaration.

Section 4. "Unit" shall mean and refer to any residential dwelling situated upon any Lot.

Section 5. "Owner" shall mean and refer to the record owner whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation until such time as such a security holder becomes the record owner of a Lot (whether by foreclosure or otherwise).

Section 6. "Declarant" shall mean and refer to FM-SR, Ltd., its successors and assigns who are designated as such in writing by the Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

Section 7. "Common Areas" shall mean and refer to that portion of the Property conveyed to the Association for the use and benefit of the Owners.

Section 8. "Common Maintenance Areas" shall mean and refer to the Common Areas and the entrance monuments, drainage facilities, detention ponds, right-of-way landscaping, if any, and such other areas lying within any 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 and welfare of the Owners.

Section 9. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Shadow Ridge South, and any amendments, annexations and supplements thereto made in accordance with its terms.

ARTICLE II

SHADOW RIDGE SOUTH HOMEOWNERS ASSOCIATION, INC.

Section 1. Establishment of Association. The formal establishment of the Shadow Ridge South Homeowners Association will be accomplished by the filing of the Articles of Incorporation of Shadow Ridge South Homeowners Association, Inc. 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 Shadow Ridge South Homeowners Association, Inc..

Section 2. Adoption of By-Laws. Bylaws for the Shadow Ridge South Homeowners Association, Inc. will be established and adopted by the Board of Directors of the Association.

Section 3. Membership. The Declarant and every other Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association.

Section 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 assessments 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 attorneys' 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 attorneys' fees shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due but a person shall not be obligated for any assessments coming due after a person has ceased to be an Owner. The personal obligation for delinquent assessments shall not pass to the successors in title of such Owner unless expressly assumed by them.

Section 5. Assessments.

(a) Units Owned by Class A Members. Subject to the terms of this Article, each Lot is hereby subject to an initial maximum maintenance charge to be determined by the Declarant (until such maintenance charge shall be increased in the By-Laws of the Association),

for the purpose of creating a fund to be designated and known as the "maintenance fund," which maintenance charge and assessment will be paid by the Owner or Owners of each Lot in advance in monthly, quarterly, or annual installments, commencing as to all Lots on which a completed Unit is then located on the conveyance of the first Lot to a Class A Member and as to all other Lots as of the completion of the Unit thereon. The rate at which each Lot will be assessed, and whether such assessment shall be payable monthly, quarterly, or annually, will be determined by the Board 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, reasonably require. Said rate, however, shall not increase by more than ten percent (10%) annually. The assessment for each Lot shall be uniform except as provided in Subsection b of this Section 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 by Declarant. Notwithstanding the foregoing, the Declarant shall be exempt from the annual maintenance assessment charged to Owners so long as there is a Class B membership as set forth in Section 8. 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, if any, so collected. Except to the extent otherwise provided in the immediately preceding sentence, Declarant shall not be liable for any liabilities, obligations, damages, causes, causes of action, claims, debts, suits or other matters incurred by or on behalf of the Association or for any deficits or shortfalls incurred or realized by or on behalf of the Association in connection with the Property or this Declaration.

(c) Purpose of Maintenance Fund. The Association shall establish a maintenance fund composed of Owners' annual maintenance assessments and shall use the proceeds of such fund in providing for normal, recurring maintenance charges for the Common Maintenance Areas for the use and benefit of all members of the Association. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for existing landscaping) and the improvements to such Common Maintenance Areas, such as sprinkler systems, and private streets, if any, provided the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas; payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions, and conditions affecting the property to which the maintenance fund applies; payment of all reasonable and necessary expenses in connection with the collection and administration of

policemen and watchmen, if any, 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.

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

(i) In any calendar 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 Maintenance Area (other than the initial acquisition or construction of capital improvements -- for instance, the subdivision wall for the Property -- completed in connection with the initial development of the Property), including fixtures and personal property related thereto, may be assessed. The Association shall not commingle the proceeds of such special assessment with the maintenance fund. Such

proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question.

Section 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 nonusurious 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 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 improvement of any such Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding, valid, and subsisting first mortgage lien, said beneficiary shall give the holder of such first mortgage sixty (60) days written notice of such proposed action,

such notice, 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, the beneficiary shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to the holder thereof. Sale or transfer of a Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale, foreclosure, or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the right to file notices of liens in favor of such Association in the official records of Denton County, Texas.

Section 8. 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 Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B Member shall be the Declarant who shall be entitled to ten (10) votes for each unoccupied Lot owned by it. The Class B membership shall cease and be converted to Class A membership on the earlier of: (i) one hundred (120) days after the conveyance of the Lot which causes the total votes outstanding in Class B to equal the total votes

outstanding in Class A or (ii) thirty (30) days after Declarant's written notice to the Association of its election to convert its Class B membership to Class A membership. Unless the Declarant shall have elected to convert its Class B membership to Class A membership, Class B membership shall be reinstated at anytime 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 ten (10) Class A Lots in the Property.

(c) Suspension. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in 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 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 a majority 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 a majority 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, but not below any quorum required by law). No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

ARTICLE III

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

Section 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 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) Care and preservation of the Common Maintenance Area.

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

(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 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.

(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.

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

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 maintenance 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.

ARTICLE IV

TITLE TO COMMON AREAS

Section 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 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 that 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 maintenance 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 Lot outside of the permitted building area of such Lot, for ingress, egress, installation, replacement, repair, maintenance, use and operation of service lines and service systems, public and private, for cable television and telephone services. 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 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 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 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. 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 sworn on the recorded plat. Within these easement 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 easement area of each Lot and all improvements contained therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible.

Section 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 VI

USE AND OCCUPANCY

All Lots and dwellings shall be used and occupied for single-family residence purposes only. This prohibition shall not apply to "garage sales" conducted with prior written consent of the Association provided that no Owner shall conduct more than two (2) garage sales of no more than two (2) days duration each during any twelve (12) month period.

ARTICLE 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 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 easement against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) The right of the Association, subject to the provisions hereof, to dedicate or transfer all or any part of the Common Areas 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) 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. 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 3. Rezoning Prohibited. No Lot shall be rezoned to any classification allowing commercial, institutional or other nonresidential use without the express, written consent of the Association and Declarant (as long as Declarant owns any Lot subject to this Declaration), which may be withheld in Declarant's sole discretion. Declarant or the Association may enforce this covenant by obtaining an injunction against any unapproved rezoning at the expense of the enjoined party.

ARTICLE VIII USE RESTRICTIONS

Section 1. Residential Use. All Lots shall be used for single-family residential purposes only. No building shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single-family residence per Lot, which residence may not exceed two (2) stories in height, and a private garage as provided below.

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

Section 3. Two Car Garage Required. Each residence shall have a garage suitable for parking not less than two (2) or more than three (3) standard size automobiles, which garage conforms in design and materials with the main structure. Garage locations may vary, with the written approval of the Committee (as hereinafter defined).

Section 4. Restrictions on Resubdivision. None of the Lots shall be subdivided into smaller lots.

Section 5. Driveways. All driveways shall be surfaced with concrete, asphalt or similar substance approved by the Committee.

Section 6. Temporary Structures. No temporary dwelling, shop, trailer or mobile home of any kind or any improvements of a temporary character (except children's playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment, which may be placed on a Lot only in places which are not visible from any street on which the Lot fronts) shall be permitted on any Lot except that the builder or contractor may have temporary improvements (such as a sales office and/or construction trailer) on a given Lot during the entire time that construction activities within the Property are underway. No building material of any kind or character shall be placed or stored upon any Lot until the Owner thereof is ready to commence construction of improvements, and then such material shall be placed within the property lines of the Lot upon which the improvements are to be erected.

Section 7. Campers, Boats and Recreational Vehicles. No boat, marine craft, hovercraft, aircraft, recreational vehicle, pick-up camper, travel trailer, motor home, camper body or similar vehicle or equipment may be parked for storage in the front yard of any dwelling or parked on any public street in the Property, nor shall any such vehicle or equipment be parked for storage in the side or rear yard of any residence unless completely concealed from public view. No such vehicle or equipment shall be used as a residence or office temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a residence in the immediate vicinity.

Section 8. Trucks. Trucks with tonnage in excess of one ton and any vehicle with painted advertisement shall not be permitted to park overnight within the Property except those used by a builder during the construction of improvements.

Section 9. Explosives; Inflammatory Cargo. No vehicle of any size which transports inflammatory or explosive cargo may be kept in the Property at any time.

Section 10. Temporary Structures as Dwelling. No structure of a temporary character, such as a trailer, basement, tent, shack, barn or other out-building shall be used on any Lot at any time as a dwelling house; provided, however, that any builder may maintain and occupy model houses, sales offices and construction trailers during the construction period.

Section 11. Drilling. No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted in the Property, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any part of the Property. No derrick or other structure designed for use in quarrying for oil or natural gas shall be erected, maintained or permitted within the Property.

Section 12. Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any property in the Property except that dogs, cats or other household pets may be kept for the purpose of providing companionship for the private family. Animals are not to be raised, bred or kept for commercial purposes or for food. It is the purpose of these provisions to restrict the use of the Property so that no person shall quarter on the premises cows, horses, bees, hogs, sheep, goats, guinea fowls, ducks, chickens, turkeys, skunks or any other animals that may interfere with the quietude, health or safety of the community. No more than two (2) pets will be permitted on each Lot. Pets must be restrained or confined on the

homeowner's back lot inside a fenced area or within the house. When away from the Lot, pets must be on a leash at all times. It is the pet owner's responsibility to keep the Lot clean and free of pet debris. All animals must be properly tagged for identification.

Section 13. Garbage and Refuse Disposal. No Lot or other area in the Property shall be used 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 other disposal of such material shall be kept in clean and sanitary condition. Materials incident to construction of improvements may be stored on lots during construction so long as construction progresses without undue delay.

Section 14. Water Supply System. No individual water supply system shall be permitted in the Property.

Section 15. Sewage Disposal System. No individual sewage disposal systems shall be permitted in the Property.

Section 16. Garage as Residence. No garage, garage house or other out-building (except for sales offices and construction trailers during the construction period) shall be occupied by any Owner, tenant or other person prior to the erection of a residence.

Section 17. Air Conditioning. No air-conditioning apparatus shall be installed on the ground in front of a residence. No air-conditioning apparatus shall be attached to any front wall or window of a residence. No evaporative cooler shall be installed on the front wall or window of a residence.

Section 18. Antennas. No antennas shall be permitted in the Property except AM or FM radio reception and UHF and VHF television reception. Only one (1) antenna may be attached

to the main residential house, and, in all cases, no antenna of any style shall be (a) erected as a free-standing structure, (b) permitted to extend outside the roof of the main residential structure or (c) maintained on any portion of the Lot forward of the front building line.

Section 19. Commercial Use. No Lot or improvement shall be used for business, professional, commercial or manufacturing purposes of any kind. No activity, whether for profit or not, shall be conducted which is not related to single-family residential purposes. No noxious or offensive activity shall be undertaken within the Property, nor shall anything be done which is or may become an annoyance or nuisance to the neighborhood.

Section 20. Sight Distance and Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between three (3) and six (6) feet above the roadway shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street right-of-way lines and a line connecting them at points ten (10) feet from the intersection of the street right-of-way lines, or in the case of a rounded property corner, from the intersection of the street right-of-way lines as extended. The same sight-line limitations shall apply on any Lot within ten (10) feet from the intersection of a street right-of-way line with the edge of a private driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 21. Prefabricated Buildings. Except for children's playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment, no building previously constructed elsewhere shall be moved onto any Lot, it being the intention that only new construction be placed and erected thereon.

Section 22. Interference with Utilities. Within easements on each Lot, no structures, planting or materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, which may change the direction of flow within drainage channels or which may obstruct or retard the flow of water through drainage channels.

Section 23. Signs. No sign of any kind shall be displayed to the public view on any Lot except one (1) professional sign of not more than one (1) square foot, one (1) of not more than five (5) square feet advertising the property for rent or sale, or signs used by a builder to advertise the property during the construction and sales period. Declarant, the Association, or their agents shall have the right to remove any sign, billboard or other advertising structure that does not comply with the above; and in so doing shall not be subject to any liability for trespass or any other liability in connection with such removal.

Section 24. Clothes Hanging Devices. The drying of clothes in full public view is prohibited. The Owners and occupants of any Lots at the intersections of streets or adjacent to parks, playgrounds or other facilities where the rear yard is visible to full public view shall construct a drying yard or other suitable enclosure to screen from public view the equipment which is incident to normal residences, such as clothes drying equipment, yard equipment and storage piles.

Section 25. Burning. Except within fireplaces in the main residential dwelling and except for outdoor cooking, no person shall be permitted to burn anything within the Property.

Section 26. Minimum Floor Area. The total air-conditioned living area of the main residential structure, as measured to the outside of exterior walls but exclusive of open porches, garages, patios and detached accessory buildings, shall be not less than fourteen hundred (1,400)

square feet or the minimum habitable floor area as specified by the Town, whichever is the greater.

Section 27. Building Materials. The total exterior wall area of each building constructed or placed on a Lot shall be no less than seventy-five percent (75%) (or such higher percentage as may be required by the Town) brick, brick veneer, stone, stone veneer, masonry or other material approved by the Committee. Windows, doors, openings, gables or other areas above the height of the top of the standard height first-floor windows are excluded from the calculation of the total exterior wall area. Roofing shall be of a substance acceptable to the Town, the Federal Housing Administration ("FHA"), the Veterans Administration ("VA"), the Committee, and at a minimum an FHA acceptable shingle or better is required.

Section 28. Side Line and Front Line Setback Restrictions. No dwelling shall be located on any Lot nearer to the front lot line or nearer to the side street line than the minimum setback lines shown on the plat of the Property or required by the Town. In any event, no building shall be located on any Lot nearer than twenty (20) feet to, nor further than thirty (30) feet from, the front Lot line or nearer than five (5) feet to any side Lot line (interior lot line), except that structures on those Lots being on corners may be ten (10) feet from the side street. For the purpose of these covenants, eaves and steps and open porches shall not be considered as a part of the building, provided, however, that this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot.

Section 29. Waiver of Front Setback Requirements. With the written approval of the Committee, any building may be located further back from the front property line of a Lot than provided above, where, in the opinion of the Committee, the proposed location of the building

will add to the appearance and value of the Lot and will not substantially detract from the appearance of the adjoining Lots.

Section 30. Fences and Walls. Any fence or wall must be constructed of masonry, brick, wood or other material approved by the Committee. No chain link fence shall be allowed. No fence or wall shall be permitted to extend nearer to any street than the front building line of any residence. Fences or walls erected by Declarant shall become the property of the Owner of the Lot on which the same are erected and, as such, shall be maintained and repaired by such Owner except as provided in Article X. No portion of fence shall exceed eight (8) feet in height.

Section 31. Sidewalks. All sidewalks shall conform to the Town, FHA and VA specifications and regulations.

Section 32. Mailboxes. Mailboxes shall be constructed of a material and design approved by the Committee.

ARTICLE IX

ARCHITECTURAL CONTROL

Section 1. Appointment. Declarant shall designate and appoint an Architectural Control Committee (herein called the "Committee") composed of three (3) individuals, each generally familiar with residential and community development design matters and knowledgeable about Declarant's concern for a high level of taste and design standards within 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 with this Declaration.

Section 2. Successors. In the event of the death, resignation or removal by Declarant (or after there is no Class B Member, by the record owners of a two-thirds (2/3) majority of the Lots) of any member of the Committee, the remaining member(s) shall appoint a successor member. In default of such appointment, Declarant, or after there is no Class B Member, the record owners of a two-thirds (2/3) majority of the Lots, 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 3. Authority. No building, fence, wall or other structure shall be commenced, erected, placed, maintained or altered on any Lot, nor shall any exterior painting of, exterior addition to, or alteration of, such items be made until all plans and specifications and a plot plan have been submitted to and approved in writing by a majority of the members of the Committee as to:

- (a) quality of workmanship and materials, adequacy of site dimensions, adequacy of structural design, proper facing of main elevation with respect to nearby streets;
- (b) conformity and harmony of the external design, color, type and appearance of exterior surfaces and landscaping in relation to the various parts of the proposed improvements and in relation to improvements on other Lots in the Property;
- (c) location with respect to topography and finished grade elevation and effect of location and use on neighboring Lots, improvements and drainage arrangements; and
- (d) the other standards set forth within this Declaration (and any amendments hereto) or matters in which the Committee had 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 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 Lots in the Property. In considering the harmony of external design between existing structures and the proposed building being erected, placed or altered, the Committee shall consider only the general appearance of the proposed building as that can be determined from front, rear and side elevations on submitted plans.

Section 4. Procedure for Approval. Final plans and specifications shall be submitted in duplicate by certified mail to the Committee. The plans and specifications shall show the nature, kind, shape, height, materials and location of all landscaping and improvements. The documents shall specify any requested variance from the setback lines, garage location or any other requirement set forth in this Declaration. The Committee is authorized to request the submission of samples of proposed construction materials. At such time as the plans and specifications meet the approval of the Committee, one complete set of plans and specifications will be retained by the Committee and the other complete set of plans shall be marked "Approved", signed by a majority of the Committee and returned to the Owner or his designated representative. If disapproved by the Committee, one set of such plans and specifications shall be returned marked "Disapproved" and shall be accompanied by a reasonable statement of the reasons for disapproval, which statement shall be signed by a majority of the Committee. Any modification of the approved set of plans and specifications must again be submitted to the Committee for its

approval. The Committee's approval or disapproval, as required herein, shall be in writing. If the Committee fails to approve or disapprove such plans and specifications within thirty (30) days after the date of submission, written approval of the matters submitted shall not be required and compliance with this Article shall be deemed to have been completed. In case of a dispute about whether the Committee responded within such time period, the person submitting the plan shall have the burden of establishing that the Committee received the plans. The Committee's receipt of the plan may be established by a signed certified mail receipt. The Committee may approve plans and specs for all the houses proposed to be built by a builder at one time (Master Plans) and that builder may submit changes to the Master Plans for specific approval from time to time.

Section 5. Standards. The Committee shall have sole discretion with respect to taste, design and all standards specified herein. One objective of the Committee is to prevent unusual, radical, curious, odd, bizarre, peculiar or irregular designs or appearances from being built in the Property. The Committee shall also have the authority to require a minimum 5-12 foot roof slope, to specify that chimney flues be covered with brick or masonry or wood, to prohibit the use of light-weight composition roof material, to require that the colors of roofing materials be earth tones, to require the use of anodized aluminum divided light windows, and generally to require that any plans meet the standards of the existing improvements on neighboring Lots. The Committee may from time to time publish and promulgate bulletins regarding architectural standards, which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of this Declaration.

Section 6. Termination. The Committee shall cease to exist when residences have been constructed on all Lots in the Property; provided, however, that at any time thereafter the then record owners of a majority of the Lots in the Property shall have the authority to record an instrument which extends the period of the Committee's authority and establishes an election or appointment procedure whereby the Committee members shall be chosen. After the termination of the Committee, no approval by the Committee shall be required under this Declaration. Variations from the standards set forth herein shall thereafter be made in accordance with the general development standards and judgment exercised by the Committee during its period of control, as such standards are reflected in the plans, construction materials, landscaping and other matters approved by the Committee during its period of control.

ARTICLE X

SPECIAL FENCING AND LANDSCAPING

Section 1. Fences, Walls and Sprinkler Systems. Declarant shall have the right, but not the obligation, to and may, if it chooses to do so in its sole discretion, erect, install, maintain, repair and/or replace fences, walls and/or sprinkler systems located within that portion of any Lot specified on Exhibit "B" attached hereto and incorporated herein (the "Perimeter Lots"), which area (the "Restricted Area") is located outside the building lines as shown on the plat. Any fence, wall on which such fence, wall or sprinkler system is erected or installed is subject to the easements and rights of Declarant set forth below. No fence, wall or sprinkler system shall be erected or installed in the Restricted Area of any Perimeter Lot by the owner thereof without the prior written consent of Declarant.

Section 2. Landscaping. Declarant shall have the right, but not the obligation, to grade, plant and/or landscape and maintain, repair, replace and/or change such grading, planting and landscaping on any portion of the Restricted Area of a Perimeter Lot. In the event Declarant does not landscape the Restricted Area on any Perimeter Lot, the Owner thereof may plant grass and, with the prior written consent of Declarant may landscape and plant trees and shrubs in the Restricted Area.

Section 3. Easement. Declarant shall have, and hereby reserves, the right and easement to enter upon the Restricted Area of the Perimeter Lots for the purpose of exercising the discretionary rights set forth above.

Section 4. Maintenance by Individual Lot Owner. In the event Declarant does not maintain or repair any fences, walls, grading, planting or landscaping erected, installed or situated within the Restricted Area of any Perimeter Lot, then the Owner of such Perimeter Lot shall, at his expenses, perform such maintenance and repair work as is necessary to maintain such fences, walls, grading, planting and landscaping in a good and neat condition and appearance; provided, however, that the Owner shall give Declarant ten (10) days' written notice before doing any maintenance other than mowing, edging and trimming. So long as the Restricted Area on any Perimeter Lot and any fences, walls, grading, planting and landscaping thereon are being reasonably maintained and repaired by Declarant, the Owner of such Perimeter Lot shall not perform any maintenance or repair work within such Restricted Area without the prior written consent of Declarant. In no event shall the Owner of any Perimeter Lot perform any maintenance or repair work on any sprinkler system within the Restricted Area without the prior written consent of Declarant.

Section 5. Declarant's Discretion. Notwithstanding any provisions herein to the contrary, Declarant shall never be obligated to erect, install, maintain, repair or replace any fences, walls, sprinkler systems, grading, planting or landscaping on any Lots.

Section 6. Association Rights. Once the Association is formed it shall exercise the rights granted to the Declarant in this Article X.

ARTICLE XI

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.

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

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

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, and by FHA and VA as set forth in Subsection 1(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 1(a) 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 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 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 II, Section 8, the total number of Lots covered by the Declaration including all Lots annexed thereto shall be considered. If Class B Membership has previously expired but annexation of additional property restores the ratio of Lots owned by Declarant to the number required for Class B Membership, such Class B Membership shall be reinstated.

ARTICLE XII

GENERAL

Section 1. Remedies. In the event of any default by any Owner under the provisions of the Declaration, By-Laws or rules and regulations of the Association, the Association and any

Owner shall have each and all of the rights and remedies which may be provided for in this Declaration, the By-Laws and said rules and regulations, and those which may be available at law or in equity, and may prosecute any action or other proceeds 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 continuation 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 attorneys' fees and other fees and expenses, and all damages, permitted by law but, with reference to any Lots financed by FHA insured loans, not in excess of the maximum rate of FHA loans at the time of delinquency, from the due date until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of respective maintenance assessment (to the same extent as the lien provided herein for unpaid assessments), upon the Lot and upon all of his additions and improvements thereto, and upon all of his 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 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 seventy-five percent (75%) of the votes outstanding shall have

voted to terminate the covenants and restrictions of this Declaration and prior approval has been obtained from the Town upon the expiration of the initial twenty-five (25) year period or any extension thereof, which termination shall be by written instrument signed by seventy-five percent (75%) of the Owners and 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 countersigned by a duly authorized representative of the Town.

Section 3. Lot Maintenance. The Owner and occupant of each Lot shall maintain the yards in a sanitary and attractive manner and shall edge the street curbs that run along the property line. Grass, weeds and vegetation on each Lot must be kept mowed at regular intervals so as to maintain the property in a neat and attractive manner. No vegetables shall be grown in any yard that faces a street. No Owners shall permit weeds or grass to grow to a height of greater than six inches (6") upon his property. Upon failure of any Owner to maintain any Lot, Declarant or its assigns or the Association may, at its option, have the grass, weeds and vegetation cut as often as necessary in its judgment, and the Owner of such property shall be obligated, when presented with an itemized statement to reimburse Declarant or the Association for the cost of such work. This provision, however, shall in no manner be construed to create a lien in favor of any party on any piece of property for the cost or charge of such work or the reimbursement for such work.

Section 4. Maintenance of Improvements. Subject to the provisions of Article X, each Owner shall maintain the exterior of all buildings, fences, walls and other improvements on his

Lot in good condition and repair, and shall replace worn and rotten parts, and shall regularly repaint all painted surfaces and shall not permit the roofs, rain gutters, downspouts, exterior walls, windows, doors, walks, driveways, parking areas or other exterior portions of the improvements to deteriorate in an unattractive manner.

Section 5. Enforcement. Each Owner grants to the Association the exclusive right to enforce the performance of each and all of the restrictions, conditions and covenants contained herein, by injunction or other appropriate remedy at law or in equity. Should the Association employ counsel to enforce any of the restrictions, conditions and covenants herein contained, all costs incurred in such enforcement, including reasonable attorneys' fees, shall be paid by the breaching Owner. Following any termination of the Association, the Owner of any Lot in the Property shall have the right to enforce the performance hereof by injunction or other appropriate remedy at law or in equity. Failure by the Association, or any Owner, including Declarant, to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 6. Other Authorities. If other authorities, such as the Town or Denton County, impose more demanding, expensive or restrictive requirements than those set forth herein, the requirements of such authorities shall be complied with. Other authorities' imposition of lesser requirements than those set forth herein shall not supersede or diminish the requirements herein.

Section 7. Addresses. Any notices or correspondence to an Owner of a Lot shall be addressed to the street address of the Lot. Any notice or correspondence to the Association or

Committee shall be addressed to the address shown opposite the signature of Declarant below or to such other address as is specified by the Association or Committee pursuant to an instrument recorded in the deed records of Denton County.

Section 8. 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 9. Rights and Obligations. The provisions of this Declaration and the Articles of Incorporation and By-Laws and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. By the recording of the acceptance of a deed conveying a Lot of any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed shall be 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 10. Miscellaneous Provisions. Any provisions of this Declaration or of the Articles of Incorporation and By-Laws to the contrary notwithstanding, the following provisions shall control:

(a) FHA/VA Approval. If any prospective Owner applies for FHA or VA mortgage financing and receives a commitment therefor, the following actions will require approval of the Federal Housing Administration and the Veterans Administration as applicable:

(1) addition of properties except as set forth in Article XII, (2) dedication of Common Areas, and (3) amendment of this Declaration.

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

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

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

(i) by act or omission seek to abandon, partition, encumber, or transfer the Common Areas, if any, or any portion thereof of interest therein;

(The granting of easements for public utilities or other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning of this clause).

- (ii) substantially change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner by the Association;
- (iii) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of the 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) 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 11. 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.

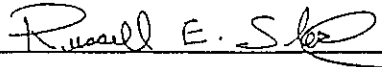
Section 12. Conflicts. In the event of conflict between the terms of this Declaration and the By-Laws, rules, regulations or Articles of Incorporation of the Association, this Declaration shall control.

Section 8. Failure of Association to Perform Duties. Should the Association fail to carry out its duties as specified in this Declaration, the Town or its lawful agents shall have the right

and ability, after due notice to the Association, to remove any landscape systems, features or elements that cease to be maintained by the Association; to perform the responsibilities of the Association if the Association fails to do so in compliance with any of the provisions of this Declaration 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 harmless the Town 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:




Russell E. Slob
Unzicker Schnurbusch & Assoc., Inc

DECLARANT:

FM-SR, Ltd., a Texas limited partnership

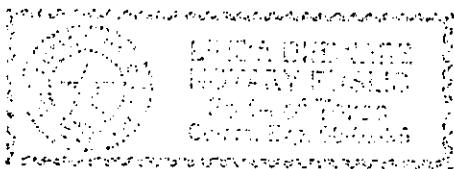
By: Shadow Development Company, its
general partner

By: 

Name: EARL MERRELL
Title: Vice President

STATE OF TEXAS §
 §
COUNTY OF DENTON §

The foregoing instrument was acknowledged before me on this 18th day of August, 1994, by Earl Merrell of Shadow Development Company, a Texas corporation, on behalf of said corporation acting in its capacity as general partner of FM-SR, Ltd., a Texas limited partnership.



Linda Bednarz
Notary Public in and for
the State of Texas
Printed Name: Linda Bednarz
My Commission Expires: 8-1-96

EXHIBITS:
Exhibit A - Description of Property
Exhibit B - Perimeter Lots

DESCRIPTION OF THE PROPERTY

Phase One

A tract of land situated in the Town of Flower Mound, Denton County, Texas; and being part of the W.H. Gibson Survey, Abstract Number 464; and being part of that tract of land conveyed to FM - SR, Ltd. by Deed recorded in the Real Property Records of Denton County, Texas identification number 93-R0039987; and being part of that tract of land conveyed to FM Properties Operating Co. by Deed recorded in Volume 3252, Page 360, Deed Records, Denton County, Texas; and being more particularly described as follows.

COMMENCING at the Southernmost corner of Shadow Ridge Phase I, an addition to the Town of Flower Mound recorded in Cabinet I, Page 153, Plat Records, Denton County, Texas said point also being the Southeast Corner of a tract of land conveyed to Bob Rhuedasil by Deed recorded in Volume 1239, Page 483, Deed Records, Denton County, Texas said point also being in the West line of Lexington Avenue (80 foot wide Right-of-Way), said point also being the beginning of a curve to the left whose chord bears South $00^{\circ}39'38''$ East;

THENCE in a Southerly direction along the West line of said Lexington Avenue and along said curve to the left having a central angle of $00^{\circ}40'57''$, a radius of 465.00 feet, and an arc length of 5.54 feet to a point for corner;

THENCE South $01^{\circ}00'06''$ East continuing along the West line of said Lexington Avenue, a distance of 259.41 feet to a 1 inch iron rod found for corner at the POINT OF BEGINNING;;

THENCE North $88^{\circ}59'54''$ East a distance of 80.00 feet to a R.R. Spike found for corner;

THENCE South $01^{\circ}00'06''$ East a distance of 190.25 feet to a 1/2 inch iron rod with cap set for corner at the beginning of a curve to the right whose chord bears South $10^{\circ}12'52''$ West;

THENCE in a Southerly direction along said curve to the right having a central angle of $28^{\circ}25'56''$, a radius of 590.00 feet, and an arc length of 292.78 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North $89^{\circ}17'06''$ East a distance of 362.52 feet to a 1/2 inch iron rod with cap set for corner, said point being in the West line of a tract of land conveyed to Bright and Company Management, Inc. by Deed recorded in Volume 1410, Page 385, Deed Records, Denton County, Texas;

THENCE South $00^{\circ}46'29''$ East along the West line of the said Bright and Company Management, Inc. tract, a distance of 534.42 feet to a 1/2 inch iron rod with cap set for corner, said point being the Northwest corner of a tract of land conveyed to Robert Reinauer by Deed recorded in Volume 2940, Page 824, Deed Records, Denton County, Texas;

EXHIBIT A

THENCE South 01°17'28" East along the West line of the said Robert Reinauer tract, a distance of 1191.24 feet to a 1/2 inch iron rod with cap set for corner, said point being the Northeast corner of a tract of land conveyed to Maurice Weikel by Deed recorded in Volume 2271, Page 83, Deed Records, Denton County, Texas;

THENCE South 88°07'07" West along the North line of the said Maurice Weikel tract, a distance of 210.20 feet to a 1/2 inch iron rod found for corner;

THENCE South 01°16'48" East along the West line of the said Maurice Weikel tract, a distance of 208.88 feet to a 1/2 inch iron rod found for corner, said point being in the North line of a tract of land conveyed to Maurice Weikel by Deed recorded in Volume 2271, Page 86, Deed Records, Denton County, Texas;

THENCE South 88°30'22" West along the North line of the said Maurice Weikel tract, along the North line of a tract of land conveyed to Thomas W. Harris by Deed recorded in Volume 2962, Page 782, Deed Records, Denton County, Texas and along the North line of a tract of land conveyed to E-Systems, Inc. Pool Trust by Deed recorded in Volume 1360, Page 433, Deed Records, Denton County, Texas, a distance of 1729.61 feet to a 1/2 inch iron rod found for corner, said point being the Southeast corner of a tract of land conveyed to R.L. Donald, Jr., et ux by Deed recorded in Volume 476, Page 85, Deed Records, Denton County, Texas;

THENCE North 01°34'25" West along the East line of said R.L. Donald, Jr. tract, a distance of 1206.84 feet to a 1/2 inch iron rod set with cap for corner;

THENCE North 88°25'35" East a distance of 115.00 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North 01°34'25" West a distance of 12.93 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North 88°25'35" East a distance of 50.00 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North 88°30'22" East a distance of 485.17 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North 84°02'53" East a distance of 180.55 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North 75°50'46" East a distance of 61.50 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North 69°41'13" East a distance of 39.49 feet to a 1/2 inch iron rod with cap set for corner;

EXHIBIT A

THENCE North $81^{\circ}30'23''$ East a distance of 83.24 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North $01^{\circ}29'38''$ West a distance of 100.83 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North $71^{\circ}01'12''$ West a distance of 54.65 feet to a 1/2 inch iron rod with cap set for corner at the beginning of a curve to the left whose chord bears North $13^{\circ}18'17''$ West;

THENCE in a Northerly direction along said curve to the left having a central angle of $64^{\circ}34'11''$, a radius of 50.00 feet, and an arc length of 56.35 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North $00^{\circ}01'00''$ West a distance of 85.38 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North $89^{\circ}59'00''$ East a distance of 271.31 feet to a 1/2 inch iron rod with cap set for corner at the beginning of a curve to the right whose chord bears North $28^{\circ}09'32''$ East;

THENCE in a Northeasterly direction along said curve to the right having a central angle of $08^{\circ}38'57''$, a radius of 540.00 feet, and an arc length of 81.52 feet to a 1/2 inch iron rod with cap set for corner;

THENCE North $32^{\circ}29'00''$ East a distance of 421.37 feet to a 1/2 inch iron rod with cap set for corner at the beginning of a curve of the left whose chord bears north $15^{\circ}44'27''$ East.

THENCE in a Northerly direction along said curve to the left having a central angle of $33^{\circ}29'06''$, a radius of 510.00 feet, and an arc length of 298.06 feet to a 1/2 iron rod with cap set for corner;

THENCE North $01^{\circ}00'06''$ West a distance of 190.25 feet to the POINT OF BEGINNING and containing 66.82 acres of land, more or less.

Phase Two

BEING a tract or parcel of land situated in the Town of Flower Mound, Denton County, Texas; and being part of the W.H. Gibson Survey, Abstract Number 464; and being part of that tract of land conveyed to FM - SR, Ltd. by Deed recorded in the Real Property Records of Denton County, Texas, identification number 93-R0039987; and being more particularly described as follows:

BEGINNING at a point for corner in the South line of a 70 foot wide Brazos Electric Easement recorded in Volume 3410, Page 603, Deed Records, Denton County, Texas, said point bears South $15^{\circ}26'47''$ West a distance of 1146.60 feet from a point in the West line of Lexington

EXHIBIT A

Avenue (80 foot wide right-of-way) at the Southern most corner of Shadow Ridge - Phase I recorded in Cabinet I, Page 153, Map Records, Denton County, Texas, said point also being at the beginning of a curve to the left whose chord bears South 27°25'23" West;

THENCE in a Southwesterly direction along said curve to the left having a central angle of 7°10'40", a radius of 540.00 feet, and an arc length of 67.65 feet to a point for corner;

THENCE 89°59'00" West a distance of 271.31 feet to a point for corner;

THENCE South 00°01'00" East a distance of 85.38 feet to a point for corner at the beginning of a curve to the right whose chord bears South 13°18'17" East;

THENCE in a Southerly direction along said curve to the right having a central angle of 64°34'11", a radius of 50.00 feet, and an arc length of 56.35 feet to a point for corner;

THENCE South 71°01'12" East a distance of 54.65 feet to a point for corner;

THENCE South 01°29'38" East a distance of 100.83 feet to a point for corner;

THENCE South 81°30'23" West a distance of 83.24 feet to a point for corner;

THENCE South 69°41'13" West a distance of 39.49 feet to a point for corner;

THENCE South 75°50'46" West a distance of 61.50 feet to a point for corner;

THENCE South 84°02'53" West a distance of 180.55 feet to a point for corner;

THENCE South 88°30'22" West a distance of 485.17 feet to a point for corner;

THENCE South 88°25'35" West a distance of 50.00 feet to a point for corner;

THENCE South 01°34'25" East a distance of 12.93 feet to a point for corner;

THENCE South 88°25'35" West a distance of 115.00 feet to a point for corner;

THENCE South 01°34'25" West a distance of 405.67 feet to a point for corner;

THENCE North 89°59'00" East a distance of 1255.12 feet to the POINT OF BEGINNING and containing 8.79 acres of land, more or less.

EXHIBIT A

PERIMETER LOTS

Phase One

None

Phase Two

The Perimeter Lots are Lots 1-12, Block G, and Lot 1, Block E of Shadow Ridge South, Phase Two, an Addition to the City of Flower Mound, Texas.

EXHIBIT B

Shadowridge South - Phase One
Covenants, Restrictions, etc

(This is the back of the last page.)

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

On 1994/08/26

At 11:51A

→ Number: 94-R0066390 ←
Type : RST 101.00

USAI job No. 92054
Shadowridge South

This is copy of receipt
with filing info also.

Filed for Record In:

DENTON COUNTY, TX
481 W. HICKORY
DENTON TX,

Issued For

FM SR LIMITED CONSTRUCTION
2911 TURTLE CREEK BLVD ST
E 848
DALLAS TEXAS 75219

Document Type	Grantor/Remark	Document Number	Recording Total
→ RESTRICTIONS		R0066390	181.00
	FM SR LTD TEXAS LIMI		

Charge	Total Due:	181.00
Cash		
Check 001	181.00	
	Received:	<u>181.00</u>
	Change	

THANK YOU
HONORABLE TIM HODGES/COUNTY CLERK
BY - SHELLEY

Receipt# 0825290 11:51a 08/26/1994