

2607319

4242391
10/23/03

\$186.00 Deed

**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WISDOM CREEK**

**Riddle & Williams, P.C.
1050 Turtle Creek Center
3811 Turtle Creek Boulevard
Dallas, Texas 75219
www.riddleandwilliams.com**

2003210 02457

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS	1
1.1 "Association"	1
1.2 "Board of Directors" or "Board"	2
1.3 "Builder"	2
1.4 "Bylaws"	2
1.5 "Class 'B' Control Period"	2
1.6 "Common Property"	2
1.7 "Community"	2
1.8 "Community-Wide Standard"	2
1.9 "Declarant"	2
1.10 "Eligible Mortgage Holder"	2
1.11 "First Mortgage"	2
1.12 "First Mortgagee"	2
1.13 "Lot"	3
1.14 "Member"	3
1.15 "Mortgage"	3
1.16 "Mortgagee" or "Mortgage Holder"	3
1.17 "Mortgagor"	3
1.18 "Occupant"	3
1.19 "Owner"	3
1.20 "Person"	3
1.21 "Residence"	3

ARTICLE II

ASSOCIATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS	3
2.1 Function of Association	3
2.2 Membership	3
2.3 Voting	4
2.4 Irrevocable Proxy	4

ARTICLE III

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION	5
3.1 Common Property	5
3.2 Personal Property and Real Property for Common Use	5
3.3 Rules	5
3.4 Enforcement	5
3.5 Occupants Bound	5

3.6	Enforcement of Ordinances	6
3.7	Implied Rights; Board Authority	6
3.8	Indemnification	6
3.9	Dedication of Common Property	7
3.10	Security	7

ARTICLE IV

MAINTENANCE	7
4.1 Association's Responsibility	7
4.2 Owner's Responsibility	8
4.3 Party Walls and Similar Structures	8

ARTICLE V

INSURANCE AND CASUALTY LOSSES	9
5.1 Association Insurance	9
5.2 Individual Insurance	11
5.3 Damage and Destruction -- Insured by Association	12
5.4 Damage and Destruction -- Insured by Owners	12

ARTICLE VI

ASSESSMENTS	13
6.1 Purpose of Assessments	13
6.2 Creation of the Lien and Personal Obligation for Assessments	13
6.3 Estoppel Certificates	13
6.4 Computation of Annual Assessments	14
6.5 Special Assessments	15
6.6 Specific Assessments	15
6.7 Date of Commencement of Assessments	15
6.8 Lien for Assessments	15
6.9 Effect of Nonpayment of Assessments; Remedies of the Association	16
6.10 Budget Deficits During Declarant Control	17
6.11 Failure to Assess	17
6.12 Capitalization of Association	17
6.13 Exempt Property	17

ARTICLE VII

ARCHITECTURAL STANDARDS	18
7.1 General	18
7.2 Architectural Review Committee	18
7.3 Guidelines and Procedures	18
7.4 Submission of Plans and Specifications	19
7.5 No Waiver of Future Approvals	20
7.6 Variance	20

7.7	Limitation of Liability	21
7.8	Enforcement	21
7.9	Notice of Violation	22

ARTICLE VIII

	USE RESTRICTIONS	22
8.1	General	22
8.2	Occupants Bound	22
8.3	Signs	22
8.4	Parking and Prohibited Vehicles	22
8.5	Animals and Pets	23
8.6	Quiet Enjoyment	23
8.7	Unsightly or Unkempt Conditions	24
8.8	Antennas	24
8.9	Clotheslines, Garbage Cans, Tanks, etc	24
8.10	Subdivision and Time Sharing	24
8.11	Firearms	25
8.12	Pools	25
8.13	Irrigation	25
8.14	Tents, Mobile Homes and Temporary Structures	25
8.15	Grading, Drainage and Septic Systems	25
8.16	Removal of Plants and Trees	26
8.17	Sight Distance at Intersections	26
8.18	Utility Lines	26
8.19	Window Air Conditioning Units	26
8.20	Lighting	26
8.21	Artificial Lakes, Exterior Sculpture and Similar Items	26
8.22	Energy Conservation Equipment	26
8.23	Wetlands, Lakes and Other Water Bodies	26
8.24	Playground and Recreational Equipment	27
8.25	Fences	27
8.26	Business Use	27
8.27	On-Site Fuel Storage	27
8.28	Leasing of Lots	28
8.29	Laws and Ordinances	28
8.30	Single Family Occupancy	28
8.31	Mineral Operations	28

ARTICLE IX

	CONDEMNATION	28
--	---------------------	----

ARTICLE X

MORTGAGEE PROVISIONS 29

10.1 Notices of Action 29

10.2 No Priority 29

10.3 Notice to Association 29

10.4 Special FHLMC Provision 29

10.5 Other Provisions for Mortgagees 30

10.6 Amendments to Documents 30

10.7 VA/HUD Approval 32

10.8 Amendments by Board 32

10.9 Failure of Mortgagee to Respond 32

10.10 Applicability of Article X 32

ARTICLE XI

EASEMENTS 32

11.1 Easements for Encroachment and Overhang 32

11.2 Easements for Use and Enjoyment 32

11.3 Easements for Utilities 34

11.4 Easement for Entry 34

11.5 Easement for Maintenance 34

11.6 Easement for Entry Features 34

11.7 Easement for Screening Walls 34

~~11.8 Construction and Sale Period Easement~~ 35

11.9 Easements to Serve Additional Property 35

ARTICLE XII

ANNEXATION AND WITHDRAWAL OF PROPERTY 35

12.1 Annexation Without Approval of Membership 35

12.2 Annexation With Approval of Membership 36

12.3 Withdrawal of Property 36

12.4 Additional Covenants and Easements 36

12.5 Amendment 36

ARTICLE XIII

GENERAL PROVISIONS 36

13.1 Duration 36

13.2 Amendment 37

13.3 Partition 38

13.4 Gender and Grammar 38

13.5 Severability 38

13.6 Captions 38

13.7 Perpetuities 38

13.8 Notice of Sale, Lease or Acquisition 38
13.9 Agreements 39
13.10 Use of the Words "Wisdom Creek" 39

ACKNOWLEDGMENT 40

EXHIBITS:

- Exhibit "A" - Property Initially Subject to Declaration
- Exhibit "B" - Property Subject to Annexation
- Exhibit "C" - Bylaws of Wisdom Creek Homeowners Association, Inc.
- Exhibit "D" - Articles of Incorporation of Wisdom Creek Homeowners Association, Inc.
- Exhibit "E" - Design Guidelines

**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WISDOM CREEK**

STATE OF TEXAS

§

COUNTY OF DALLAS

§

§

KNOW ALL MEN BY THESE PRESENTS:

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WISDOM CREEK (this "Declaration") is made on September 29, 2003, by Encino-Wisdom II, Ltd., a Texas limited partnership, whose address is 8585 Stemmons Freeway, Suite 400 South, Dallas, Texas 75247 (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described on Exhibit "A" attached to this Declaration and incorporated by reference. This Declaration imposes on such property mutually beneficial restrictions under a general plan of improvement for the benefit of the present and future owners of each portion of such real property, and establishes flexible and reasonable procedures for the overall development, administration, maintenance and preservation of such property.

NOW, THEREFORE, Declarant hereby declares that the real property described in Exhibit "A", including the improvements constructed or to be constructed thereon, and any additional property which is hereafter annexed in accordance with Article XII hereof, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the following covenants, conditions, restrictions, easements, assessments and liens, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, such real property. This Declaration shall be binding on and shall inure to the benefit of all persons having any right, title or interest in all or any portion of such real property, their respective heirs, legal representatives, successors, successors-in-title and assigns.

ARTICLE I
DEFINITIONS

The terms used in this Declaration shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1.1 "Association" - Wisdom Creek Homeowners Association, Inc., a Texas non-profit corporation, its successors and/or assigns. The Articles of Incorporation of Wisdom Creek Association, Inc. are attached hereto as Exhibit "D" and incorporated by reference.

1.2 "Board of Directors" or "Board" - The body responsible for administration of the Association, selected as provided in the Bylaws and generally serving the same role as the board of directors under Texas corporate law.

1.3 "Builder" - Any Person which purchases one or more Lots within the Community for the purpose of constructing improvements thereon for later sale to consumers or purchasers of parcels of land within the Community for further subdivision, development and/or resale in the ordinary course of such Person's business and may include the Declarant.

1.4 "Bylaws" - The Bylaws of Wisdom Creek Homeowners Association, Inc. attached to this Declaration as Exhibit "C" and incorporated by this reference, as they may be amended from time to time.

1.5 "Class 'B' Control Period" - The period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board, as provided in Article III, Section A.2 of the Bylaws.

1.6 "Common Property" - Any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, if any, now or hereafter owned by the Association for the common use and enjoyment of the Owners.

1.7 "Community" - That certain real property described in Exhibit "A" to this Declaration, together with any additional property which is hereafter made subject to this Declaration in accordance with Article XII hereof.

1.8 "Community-Wide Standard" - The standard of conduct, maintenance, or other activity generally prevailing throughout the Community. Such standard may be more specifically determined by the Board and the Architectural Review Committee.

1.9 "Declarant" - Encino-Wisdom II, Ltd., and its successors-in-title and assigns, provided any such successor-in-title or assign shall acquire such interest for the purpose of development or sale of all or any portion of the remaining undeveloped or unsold portions of the Community and is designated as the "Declarant" hereunder in a recorded instrument executed by the immediately-preceding "Declarant". Upon designation of such successor Declarant, all rights of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood that there shall be only one "Declarant" hereunder at any given time.

1.10 "Eligible Mortgage Holder" - Those holders of First Mortgages secured by Lots in the Community who have requested notice of certain items as set forth in this Declaration.

1.11 "First Mortgage" - Any Mortgage which is not subject to any lien or encumbrance except the taxes or other liens which are given priority by statute or agreement.

1.12 "First Mortgagee" - The beneficiary or holder of a First Mortgage.

1.13 "Lot" - Any plot of land within the Community, other than the Common Property, whether or not improvements are constructed thereon, which constitutes a single-family dwelling site as shown on a plat recorded in the land records of Dallas County, Texas. Where the context indicates or requires, the term Lot includes any structure on the Lot.

1.14 "Member" - A person entitled to membership in the Association, as provided in Section 2.2.

1.15 "Mortgage" - Any mortgage, security deed, deed of trust and any and all other similar instruments used for the purpose of encumbering real property in the Community as security for the payment or satisfaction of an obligation.

1.16 "Mortgagee" or "Mortgage Holder" - The holder of a Mortgage.

1.17 "Mortgagor" - Any Person who gives a Mortgage.

1.18 "Occupant" - Any Person occupying all or any portion of a Lot for any period of time, regardless of whether such Person is a tenant of the Owner of such property.

1.19 "Owner" - The record owner(s) of the fee simple title to or an undivided fee interest in any Lot, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

1.20 "Person" - Any natural person, as well as a corporation, limited liability company, joint venture, partnership (general or limited), association, or other legal entity.

1.21 "Residence" - A residential dwelling structure constructed on a Lot and which is intended to be used and occupied as a residence for a single family.

ARTICLE II

ASSOCIATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS

2.1 Function of Association. The Association shall be the entity responsible for management, maintenance, operation and control of the Common Property. The Association shall be responsible for enforcement of this Declaration and such reasonable rules regulating use of the Lots and Common Property as the Board may adopt. The Association shall also be responsible for administering and enforcing the architectural standards and controls set forth in this Declaration and in the Design Guidelines (as defined in Section 7.3 hereof). The Association shall perform its functions in accordance with this Declaration, the Bylaws, the Articles, any rules and regulations (collectively, the Governing Documents) and Texas law.

2.2 Membership. Each Owner shall be a Member of the Association. There shall be only one membership per Lot. If a Lot is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting

set forth in Section 2.3 hereof and in the Bylaws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners hereunder. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

The membership rights and privileges of an Owner who is a natural person may be exercised by the Member or the Members' spouse. The membership rights of an Owner which is a corporation, partnership or other legal entity may be exercised by any officer, director, partner or trustee, or by any other individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

2.3 Voting. The Association shall have two classes of membership, Class "A" and Class "B".

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any.

Class "A" Members shall have one equal vote for each Lot in which they hold the interest required for membership under Section 2.2 of this Article; there shall be only one vote per Lot. In any situation where a Member is entitled personally to exercise the vote for his Lot and there is more than one Owner of a particular Lot, the vote for such Lot shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

(b) Class "B". The sole Class "B" Member shall be the Declarant. The Class "B" Member is entitled to three (3) votes for each Lot in which it holds the interest required for membership under Section 2.2 of this Article. Additional rights of the Class "B" Member, including the right to approve, or withhold approval of, actions proposed under this Declaration and the Bylaws, are specified elsewhere in the Declaration and the Bylaws. The Class "B" Member may appoint a majority of the members of the Board during the Class "B" Control Period as specified in Article III, Section A.2 of the Bylaws.

The Class "B" membership shall terminate and become converted to Class "A" membership upon the earlier of (i) when 100% of the Lots shown on the recorded subdivision plats of Encinos Hills Addition, as such plats may be amended from time to time, have been conveyed to Class "A" Members; or (ii) when, in its discretion, the Declarant so determines and declares in a recorded instrument.

2.4 Irrevocable Proxy. Each Member, by acceptance of a deed to any Lot, constitutes and appoints the Declarant as its duly authorized attorney-in-fact, with full power of substitution, to provide any necessary approval of the exercise of all rights and powers of the Declarant set forth in this Declaration and in the Bylaws, including the right to select the members of the Board until the first to occur of the events specified in Article III, Section 6 of the Bylaws. This proxy is coupled with an interest and is irrevocable.

ARTICLE III
RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

3.1 Common Property. The Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Property and all improvements thereon (including, without limitation, furnishings, equipment and common landscaped areas), and shall keep it in good, clean, attractive and sanitary order and repair, consistent with this Declaration and the Community-Wide Standard.

3.2 Personal Property and Real Property for Common Use. The Association may acquire, hold and dispose of tangible and intangible personal property and real property. Declarant may convey to the Association improved or unimproved real estate located within the Community, personal property and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained as Common Property by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed. Declarant shall not be required to make any improvements whatsoever to the property to be conveyed and accepted pursuant to this Section.

3.3 Rules. The Association, through its Board, may make and enforce reasonable rules governing the use of the Lots and Common Property. Such rules shall be binding upon all Owners, occupants, invitees and licensees until and unless repealed or modified in a regular or special meeting by two-thirds (2/3) of the Class "A" votes in the Association and by the Class "B" Member, so long as such membership exists.

3.4 Enforcement. The Association, through its Board, may impose sanctions for violations of this Declaration, the Bylaws or rules in accordance with procedures adopted by the Board, including reasonable monetary fines and suspensions of the right to vote and to use recreational facilities, if any, within the Common Property. In addition, the Association may exercise self-help to cure violations (including, without limitation, the towing of vehicles and the removal of personal property), and may suspend any services it provides to the Lot of any Owner who is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association. Failure to comply with this Declaration, the Bylaws or the rules and regulations shall also be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board on behalf of the Association, or, in a proper case, by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

3.5 Occupants Bound. Each Owner shall cause all Occupants of his or her Lot to comply with the Declaration, Bylaws and the rules and regulations of the Association, and shall be responsible for all violations and all losses or damages resulting from violations by such Occupants, notwithstanding the fact that such Occupants of the Lot are fully liable and may be personally sanctioned for any violation.

In the event that an Occupant violates the Declaration, Bylaws or a rule or regulation for which a fine is imposed, such fine may be assessed against the Occupant and/or Owner. Unpaid fines shall constitute a lien against the Lot.

Any violation of the Declaration, Bylaws or rules and regulations by a lessee or any person living with the lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Texas law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Declaration, Bylaws and the rules and regulations of the Association, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner.

In the event the Association proceeds to evict the lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be assessed as a specific assessment against the Lot and the Owner.

3.6 Enforcement of Ordinances. The Association, by contract or other agreement, may enforce county ordinances and may permit the City of Dallas to enforce ordinances within the Community for the benefit of the Association and its Members.

3.7 Implied Rights; Board Authority. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration, the Bylaws or by law, all rights and powers of the Association may be exercised by the Board without a vote of the Membership.

3.8 Indemnification. The Association shall indemnify the Declarant and every officer, director and committee member of the Association and the Declarant against all expenses, including legal fees, reasonably incurred in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the current Board) to which he or she may be a party by reason of being or having been an officer, director or committee member.

The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director or committee member may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

3.9 Dedication of Common Property. The Association may dedicate portions of the Common Property to Dallas County, Texas, or to any other local, state or federal governmental entity, subject to such approval as may be required by Section 11.2 of this Declaration.

3.10 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to make the Community safer than it otherwise might be. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE COMMUNITY, NOR SHALL THE ASSOCIATION BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS AND COVENANTS TO INFORM ITS TENANTS THAT THE ASSOCIATION, ITS BOARD, COMMITTEES AND DECLARANT, AND ANY SUCCESSOR DECLARANT, ARE NOT INSURERS AND THAT EACH PERSON USING THE PROPERTY WITHIN THE COMMUNITY ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS AND TO THE CONTENTS OF DWELLINGS ON LOTS RESULTING FROM ACTS OF THIRD PARTIES.

ARTICLE IV MAINTENANCE

4.1 Association's Responsibility. The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on the Common Property. The Association shall also maintain, repair and replace, if necessary: (a) all entry features and monuments for the Community including the expenses for water and electricity, if any, provided to all such entry features; (b) all landscaping (including surface water maintenance systems) located on the Common Property or public right-of-way within the Community; (c) all perimeter screening or retaining walls.

In addition, the Association shall have the right, but not the obligation, to maintain property not owned by the Association, whether within or outside the Community including, without limitation, publicly-owned property and property dedicated to public use, where the Board has determined that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

In the event that the Association determines that the need for maintenance, repair or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, or the family, guests, lessees or invitees of an Owner, and is not

covered or paid for by insurance, in whole or in part, then the Association may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the lot of such Owner pursuant to Section 6.6 hereof.

The foregoing maintenance shall be performed consistent with the Community-Wide Standard.

4.2 Owner's Responsibility. Except as provided in Section 4.1 of this Article, all maintenance of the Lot and all structures, parking areas, landscaping and other improvements thereon shall be the sole responsibility of the Owner thereof, who shall maintain such Lot in a manner consistent with the Community-Wide Standard and this Declaration.

In addition to its other enforcement rights, in the event that the Board determines that any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair or replacement of items for which such Owner is responsible hereunder, the Board may cause such maintenance to be performed at the Owner's sole cost and expense, subject to the following procedures. Except in an emergency situation, the Board shall give the Owner prior written notice of the Association's intent to provide such necessary maintenance, repair or replacement at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs or replacement deemed necessary. The Owner shall have ten (10) days after receipt of such notice within which to complete such maintenance, repair or replacement or, in the event that such maintenance, repair or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If the Owner fails to do so, the Association may provide any such maintenance, repair or replacement without further notice, and all costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot pursuant to Section 6.6 of this Declaration.

4.3 Party Walls and Similar Structures.

(a) General Rules of Law to Apply. Each wall, fence, driveway or similar structure built as a part of the original construction on the Lots which serves and/or separates any two adjoining Lots shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure.

(c) Damage and Destruction. If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners

thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

(e) Arbitration. In the event of any dispute arising concerning a party structure, each party shall appoint one arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request by the Board, the Board shall appoint an arbitrator for the refusing party. The arbitrators appointed shall appoint one additional arbitrator. The decision by a majority of all three arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

ARTICLE V INSURANCE AND CASUALTY LOSSES

5.1 Association Insurance. The Association shall have the authority to and shall obtain or cause to be obtained insurance for all insurable improvements which the Association is obligated to maintain, whether or not located on the Common Property. This insurance shall provide, at a minimum, fire and extended coverage, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Alternatively, the Board may purchase "all-risk" coverage in like amounts.

The Association also shall obtain a public liability policy applicable to the Common Property covering the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members, employees, agents or contractors while acting on behalf of the Association and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least \$1,000,000.00.

The Board is hereby authorized to contract with or otherwise arrange to obtain the insurance coverage required thereunder through the Declarant and to reimburse Declarant for the cost thereof, and Declarant shall be authorized, but not obligated, to purchase such insurance coverage for the benefit of the Association and the Owners upon Declarant and the Association agreeing upon the terms and conditions applicable to reimbursement by the Association for costs incurred by Declarant in obtaining such coverage. Notwithstanding anything contained in this Declaration to the contrary, the Board shall not be required to comply with the provisions of this Article if the Board has contracted for or otherwise arranged to obtain the required insurance coverage through the Declarant.

Premiums for all insurance shall be common expenses of the Association. The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from

the face amount of the policy in determining whether the insurance at least equals the full replacement cost. In the event of an insured loss, the deductible shall be treated as a common expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board determines, in its sole discretion, that the loss is the result of the negligence of willful conduct of one or more Owners or occupants, then the Board may specifically assess the full amount of such deductible against the Lot of such Owner or occupant, pursuant to Section 6.6 hereof.

All such insurance coverage obtained by the Board shall be written in the name of the Association and shall be governed by the following provisions:

(a) All policies shall be written with a company authorized to do business in Texas with a Best's rating of A or better.

(b) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Board; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(c) In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by individual Owners, Occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

(d) All property insurance policies shall have an inflation guard endorsement and an agreed amount endorsement, if reasonably available, and shall be reviewed annually by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Dallas, Texas, area.

(e) The Board shall make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Board, the manager, the Owners and Occupants and their respective tenants, servants, agents and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) that no policy may be canceled, subjected to non-renewal, invalidated or suspended on account of any curable defect or the conduct of any Owner or Occupant, or any director, officer or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect or to cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Association, its manager, any Owner or Mortgagee;

(iv) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(v) that no policy may be canceled, subject to non-renewal or substantially modified without at least thirty (30) days' prior written notice to the Association.

In addition to the other insurance required by this Section, the Board shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws, and a fidelity bond or bonds on directors, officers, employees and other persons handling or responsible for the Association's funds, if reasonably available. The amount of fidelity coverage shall be determined in the directors' best business judgment and, if reasonably available, shall at least equal three months' assessments plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled, subjected to non-renewal or substantially modified without at least thirty (30) days' prior written notice to the Association.

The Association shall also obtain construction code endorsements, steam and boiler coverage, and flood insurance, if and to the extent necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U. S. Department of Veterans Affairs or the U. S. Department of Housing and Urban Development. It is the intent of this Section that the Association maintain insurance in effect meeting the requirements of the above-named entities as applicable, and as said requirements may change from time to time.

5.2 Individual Insurance. By virtue of taking title to a Lot, each Owner acknowledges that the Association has no obligation to provide any insurance for any portion of any Lot, and each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry property insurance on his Lot and all structures constructed thereon and a liability policy covering damage or injury occurring on the Lot in an amount not less than \$100,000 per occurrence. Each Owner shall furnish a copy of such insurance policy or policies to the Association within ten (10) days of the Association's request for same. The property insurance shall cover loss or damage by fire and other hazards commonly insured under an "all-risk" policy, if reasonably available, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. If all-risk coverage is not reasonably available, Owners shall obtain, at a minimum, fire and extended coverage. The policies required hereunder shall remain in effect at all times. Authority to adjust losses under policies obtained by an Owner shall be vested in the Owner. The Association shall have the right, but not the obligation, at the expense of the Owner, to acquire the insurance required to be maintained by the Owner if the Owner fails to provide a valid policy to the Association with a prepaid receipt within thirty (30) days after receipt by the Owner of a written request from the Association. If the Association does acquire insurance on behalf of any Owner, the cost thereof shall be assessed against the Owner and the Lot as a specific assessment pursuant to Section 6.6 hereof.

5.3 Damage and Destruction -- Insured by Association.

(a) General. Immediately after damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Repair and Reconstruction. Any damage or destruction to property covered by insurance written in the name of the Association shall be repaired or reconstructed unless, within sixty (60) days after the casualty, Class "A" Members representing at least sixty-seven percent (67%) of the total Class "A" votes in the Association, and the Class "B" Member, if any, otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within thirty (30) days following commencement of said sixty (60) day period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

If the damage or destruction for which insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to cover the cost thereof, the Board shall, without the necessity of a vote of the Members, levy a special assessment against each Lot and the Owner thereof for the deficiency. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association.

In the event that it should be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, the property shall be restored to its natural state and maintained as an undeveloped portion of the Community by the Association in a neat and attractive condition.

5.4 Damage and Destruction -- Insured by Owners. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Lot shall be repaired by the Owner thereof within seventy-five (75) days after such damage or destruction or, where repairs cannot be completed within seventy-five (75) days, they shall be commenced within such period and shall be completed within a reasonable time thereafter. Alternatively, the Owner may elect to demolish all improvements on the Lot and remove all debris therefrom within seventy-five (75) days after such damage or destruction.

ARTICLE VI
ASSESSMENTS

6.1 Purpose of Assessments. The assessments provided for herein shall be used for the general purposes of promoting the recreation, common benefit and enjoyment of the Owners and Occupants of Lots, including the maintenance and insurance of real and personal property, all as may be more specifically authorized from time to time by the Board.

6.2 Creation of the Lien and Personal Obligation for Assessments. Each Owner of a Lot, including the Declarant, 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: (a) annual assessments or charges; (b) special assessments; and (c) specific assessments, as applicable, including, but not limited to, reasonable fines imposed in accordance with the terms of this Declaration and the Bylaws. Such assessments shall be established and collected as hereinafter provided.

All such assessments, together with late charges, interest (not to exceed the lesser of the maximum rate permitted by law or ten percent (10%) per annum on the principal amount due), and costs of collection (including, without limitation, reasonable attorney's fees), shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made until paid, as more particularly provided in Section 6.8 hereof. Each such assessment, together with late charges, interest and costs of collection, shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due. Upon transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges against the Lot due at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any First Mortgagee taking title through foreclosure proceedings or deed in lieu of foreclosure.

No Owner may exempt himself from liability for assessments, by non-use of Common Property, abandonment of his Lot, or for any other reason. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services, materials or a combination thereof with the Declarant or other entities for payment of all or a portion of assessments due therefrom.

6.3 Estoppel Certificates. The Association shall, within ten (10) days after receiving a written request therefor and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot shall be binding upon the Association as of the date of issuance.

6.4 Computation of Annual Assessments. It shall be the duty of the Board annually to prepare a budget covering the estimated costs of operating the Association during the coming fiscal year which may include a contribution to a capital reserve for repair and replacement of capital items, if any, in accordance with a capital budget separately prepared. The annual assessment to be levied against each Lot shall be set at a level which is reasonably expected to produce total income to the Association at least equal to the total budgeted expenses, including reserves, if any. The Board shall cause a copy of the budget and notice of the annual assessment to be levied against each Lot for the following year to be delivered to each Owner at least thirty (30) days prior to the end of the current fiscal year.

The budget and the assessment shall automatically be effective upon adoption by the Board. If the proposed assessment exceeds one hundred twenty-five percent (125%) of the prior year's annual assessment, however, Class "A" Members holding a majority of the Class "A" votes may disapprove of the assessment at a meeting of the Members; provided, there shall be no obligation to call a meeting for the purpose of considering the budget except upon petition of the Members as provided for special meetings in Article II of the Bylaws, which petition must be presented to the Board within ten (10) days after delivery of the budget and notice of the assessment. In the event the membership disapproves the proposed budget or the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined, as provided herein, the proposed assessment, to the extent that such assessment does not exceed one hundred twenty-five percent (125%) of the prior year's annual assessment, shall be in effect for the current year.

Annual assessments shall be levied equally on all Lots; provided, however, that the assessment rate for Lots for which a certificate of occupancy or similar certificate certifying that a Residence on a Lot is available for occupancy (a "Certificate of Occupancy") has not been issued by the appropriate governmental agency, shall be fixed at twenty-five percent (25%) of the assessment rate for Lots for which a Certificate of Occupancy has been issued. Assessments shall be paid in such manner and on such dates as may be fixed by the Board. If the Board so provides by resolution, the annual assessment may be paid in two or more installments. If any Owner is delinquent in paying any assessment or installment thereof, the Board may, upon ten (10) days' prior written notice, accelerate the annual assessment and require all unpaid installments to be paid in full immediately. Unless otherwise provided by the Board, the assessment shall be due and payable in full on the first day of each fiscal year.

So long as the Declarant has the right to unilaterally annex additional property pursuant to Article XII hereof, the Declarant may, but shall not be obligated to, pay a subsidy to the Association (in addition to any amounts paid by Declarant under this Article) in order to reduce the total annual assessment which would otherwise be necessary to be levied against all Lots to cover the estimated expenses of the Association (including reserves contributions, if any). Any such subsidy shall be deemed to be a loan from the Declarant to the Association. Any such subsidy shall

be conspicuously disclosed as a line item in the budget and its characterization as a loan shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate the Declarant to continue payment of such subsidy in future years, unless provided for in a separate written agreement between Declarant and the Association.

6.5 Special Assessments. In addition to the other assessments authorized herein, the Association may levy special assessments from time to time to cover unanticipated or unbudgeted expenses. Except as otherwise provided in Section 5.3(b) hereof, any special assessment shall require approval at a meeting of Class "A" Members holding two-thirds (2/3) of the total Class "A" votes and the consent of the Class "B" Member, if any. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

6.6 Specific Assessments. The Board shall have the power to levy specific assessments against a particular Lot or Lots constituting less than all Lots within the Community as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items or services to any Lot or the Occupants thereof upon request of the Owner or Occupants, which benefits, items or services the Board may (but shall not be obligated to) offer from time to time; such assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred;

(b) to cover costs incurred in bringing the Lot into compliance with the terms of this Declaration, the Bylaws or rules of the Association, or costs incurred as a consequence of the conduct of the Owner or Occupants of the Lot, their licensees, invitees or guests; and

(c) for fines levied pursuant to this Declaration and the Bylaws.

Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section.

6.7 Date of Commencement of Assessments. The assessments provided for herein shall commence as to each Lot on the first day of the month following (i) the month in which the Lot is made subject to this Declaration, or (ii) the month the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual assessment due on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time the obligations or assessments commence.

6.8 Lien for Assessments. All sums assessed against any Lot pursuant to this Declaration, together with late charges, interest and costs of collection as set forth in Section 6.2 hereof, shall be secured by a lien on such Lot in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (a) liens for ad valorem taxes, or (b) liens for all sums unpaid on a First Mortgage duly recorded in the land records of Dallas County,

Texas (and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument).

All other Persons acquiring liens or encumbrances on any Lot after the recording of the original Declaration shall be deemed to consent that such liens or encumbrances are inferior to the lien provided herein to secure the payment of future assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Lot the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not, to any extent, affect the validity, enforceability or priority of the lien. The lien may be foreclosed through judicial or nonjudicial foreclosure proceedings in accordance with Tex. Prop. Code Ann. Section 51.002 et seq. (Vernon 1984), as it may be amended (the "Foreclosure Statute"), in like manner for any deed of trust on real property. In connection with the lien created herein, each Owner of a Lot hereby grants to the Association, whether or not it is so expressed in the deed or other conveyance to such Owner, a power of sale to be exercised in accordance with the Foreclosure Statute.

The Association, acting on behalf of the Owners, shall have the power to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage or convey the same. The Association may sue for unpaid assessments and other charges without foreclosing or waiving the lien securing the same.

The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure of the First Mortgage shall extinguish the lien as to any installments of such assessments due prior to such sale or transfer. A Mortgagee or other purchaser of a Lot who obtains title pursuant to foreclosure of the First Mortgage shall not be personally liable for assessments on such Lot due prior to such acquisition of title. Such unpaid assessments shall be deemed to be common expenses collectible from Owners of all Lots subject to assessment under this Declaration, including such acquirer, its successors and assigns.

6.9 Effect of Nonpayment of Assessments; Remedies of the Association. Any assessments or installments thereof which are not paid when due shall be delinquent. Any assessment or installment thereof delinquent for a period of more than fifteen (15) days shall incur a late charge in such amount as the Board may from time to time determine. In the event that the assessment remains unpaid after sixty (60) days, the Association may commence nonjudicial foreclosure proceedings and/or institute suit to collect such amounts and/or to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents the right and power to bring all actions against such Owner personally for

the collection of such charges as a debt, or to enforce the lien by suit, judgment and judicial or nonjudicial foreclosure in the same manner as other liens for the improvement of real property.

All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

6.10 Budget Deficits During Declarant Control. During the Class "B" Control Period, notwithstanding the commencement date for assessments set forth in Section 6.7 of this Article, the Declarant may also annually elect either to pay annual assessments on its unsold Lots or to pay the Association the difference between the amount of assessments collected on all other Lots subject to assessment and the amount of actual expenditures required to operate the Association during the fiscal year. The Association shall have a lien against all Lots owned by the Declarant to secure the Declarant's obligations under this Section 6.10, which lien shall have the same attributes and shall be enforceable in the same manner as the Association's lien against other Lots under this Article. Any sums paid during the fiscal year by the Declarant to the Association in excess of the annual assessment otherwise due on the Declarant's unsold Lots shall be deemed to be a subsidy to the Association pursuant to Section 6.4 of this Declaration. The Declarant's obligations hereunder may be satisfied in the form of cash or by "in-kind" contributions of services or materials, or any combination thereof.

6.11 Failure to Assess. Failure of the Board to fix the annual assessment amount or rate or to deliver or mail each Owner a notice of annual assessment notice shall not be deemed a waiver, modification or a release of any Owner from the obligation to pay such assessments. In such event, each Owner shall continue to pay annual assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time the Association may, without limitation, retroactively assess any shortfalls in collections or reimburse any excess in collections.

6.12 Capitalization of Association. Upon the initial acquisition of record title to a Lot by an Owner other than the Declarant or a Builder, a contribution shall be made by or on behalf of the purchaser at closing to the working capital of the Association in the amount of \$200.00. Capital contributions, if any, shall be in addition to, not in lieu of, the annual assessment and shall not be considered an advance payment of such assessment. Capital contributions, if any, shall be deposited into a separate account and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to the terms of this Declaration and the Bylaws.

6.13 Exempt Property. The following property shall be exempt from payment of assessments:

- (a) any Lot owned in fee simple by the Association as Common Property; and
- (b) any property dedicated to and accepted by any governmental authority or public utility.

ARTICLE VII
ARCHITECTURAL STANDARDS

7.1 General. No structure shall be placed, erected or installed upon any Lot, and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements and planting or removal of landscaping materials) shall take place except in compliance with this Article and the Design Guidelines and upon written approval of the Architectural Review Committee as required herein.

Any Owner may remodel, paint or redecorate the interior of structures on his Lot without approval. No approval shall be required to rebuild in accordance with originally approved plans and specifications.

All dwellings constructed on any portion of the Properties shall be designed by and built in accordance with the plans and specifications of a licensed architect, unless otherwise acceptable to the ARC, and shall conform to all applicable laws, codes and ordinances.

This Article shall not apply to the activities of the Declarant nor to improvements to the Common Property by or on behalf of the Association.

This Article may not be amended without the Declarant's written consent so long as the Declarant owns any portion of the Properties.

7.2 Architectural Review Committee. Responsibility for administration of the Design Guidelines, as defined below, and review of all applications for construction and modifications under this Article shall be handled by an Architectural Review Committee ("ARC" or "Committee") consisting of not less than three (3) nor more than five (5) persons.

So long as the Declarant owns any property for development and/or sale in the Community, the Declarant shall have the right to appoint all members of the Architectural Review Committee. Upon the expiration of this right, the Board shall appoint the members of the ARC, a majority of whom shall be Board members. The remaining members of the ARC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review.

7.3 Guidelines and Procedures. The ARC may prepare, adopt and amend design and development guidelines and application and review procedures (the "Design Guidelines") which shall apply to all construction activities within the Community. The initial Design Guidelines are attached to this Declaration as Exhibit "E". Declarant shall have the sole and full authority to amend them as long as it owns any portion of the Properties unless Declarant assigns such right to the Board at an earlier time. Thereafter, the Board shall have the authority to amend the Design Guidelines. Any amendments to the Design Guidelines shall be prospective only and shall not apply or require modifications to or removal of structures previously approved once the approved

construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines; Declarant or the Board, as appropriate, is expressly authorized to amend the Design Guidelines to remove requirements previously imposed or otherwise to make the Design Guidelines more or less restrictive. The Design Guidelines may contain general provisions applicable to all of the Properties, as well as specific provisions which vary from one portion of the Properties to another depending upon location and unique characteristics.

7.4 Submission of Plans and Specifications.

(a) No Work shall commence on any Lot until an application for approval has been submitted to and approved by the Committee in writing. Such application shall be in the form required by the Committee and shall include plans and specifications ("Plans") showing the site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening therefor, and other features of proposed construction, as applicable. The Committee may require the submission of such additional information as it deems necessary to consider any application. The Plans shall be in such form and shall contain such information as may reasonably be required pursuant to the Design Guidelines.

In reviewing each submission, the Committee may consider (but shall not be limited to consideration of) visual and environmental impact, ecological compatibility, natural platforms and finished grade elevations, the quality of workmanship and design, harmony of external design with surrounding structures and environment, location in relation to surrounding structures and plant life, architectural merit and compliance with the general intent of the Design Guidelines and the general scheme of development for the Properties. Decisions of the Committee may be based on purely aesthetic considerations.

A schedule and procedures outlining the specified Plans to be submitted at specific times shall be established by the Committee and may be set forth in the Design Guidelines. The Committee shall, within fourteen (14) days after receipt of each required submission of Plans, advise the party submitting the same, in writing, at an address specified by such party at the time of submission of (i) the approval of Plans or (ii) the disapproval of Plans, specifying the segments or features of the Plans which are objectionable and suggestions, if any, for the curing of such objections. In the event the Committee fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the Plans, the applicant may give the Committee written notice of such failure to respond, stating that, unless the Committee responds within ten (10) days of receipt of such notice, approval shall be deemed granted. However, no Plans, whether expressly approved or deemed approved pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted in writing pursuant to Section 7.6.

Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed and postage prepaid, is deposited with the United States Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall also be sufficient and shall be deemed to have been given at the time of delivery.

(b) All Work shall be completed within one (1) year of commencement of construction or such shorter period as the Committee may specify in the notice of approval, unless completion within such time is delayed due to causes beyond the reasonable control of the Owner, as determined in the sole discretion of the Committee.

(c) Once the ARC has approved a set of final plans and specifications submitted by a Builder for a house to be constructed on a Lot, that Builder may use such plans and specifications for other homes it will construct in the Community.

(d) If construction does not commence on a project for which Plans have been approved within thirty (30) days of the estimated commencement date set forth in such approved Plans, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to re-submit the Plans to the ARC for reconsideration.

(e) If construction has commenced but is not completed on a project for which Plans have been approved within thirty (30) days of the estimated completion date set forth in such approved Plans, the Board may, in addition to any other remedy provided in this Declaration, cause the completion of the construction at the Owner's sole cost and expense, subject to the following procedures. The Board shall give the Owner prior written notice of the Association's intent to complete construction at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the construction deemed necessary. The Owner shall have ten (10) days after delivery of such notice within which to complete such construction or, in the event that construction cannot be completed within a ten (10) day period, to diligently pursue completion of construction within a reasonable time. If the Owner fails to do so, the Association may, among other remedies, complete construction without further notice, and all costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot pursuant to Section 6.6 of this Declaration.

7.5 No Waiver of Future Approvals. Each Owner acknowledges that the members of the ARC will change from time to time and that interpretation, application and enforcement of the Design Guidelines may vary accordingly. Approval of proposals, plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings or other matters subsequently or additionally submitted for approval.

7.6 Variance. The ARC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship or aesthetic or environmental considerations require. No variance shall (a) be effective unless in writing, (b) be contrary to this Declaration, or (c) stop the ARC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, the cost of compliance, or the terms of any financing shall not be considered a hardship warranting a variance.

7.7 Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and not for engineering, structural design or quality of materials. Neither the ARC nor the Declarant shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, for reviewing drainage plans or ensuring the effectiveness thereof, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board, the ARC, nor any member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any Lot, nor for any defect in any structure constructed from approved Plans.

Neither the Declarant, the Association, the ARC, the Board nor the officers, directors, members, employees and agents of any of them, shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any Owner of property affected by these restrictions, by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every Person who submits Plans and every Owner agrees that he will not bring any action or suit against the Declarant, the Association, the ARC, the Board or the officers, directors, members, employees and agents of any of them, to recover any such damages and hereby releases, promises, quitclaims and covenants not to sue for all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given.

7.8 Enforcement. Any structure or improvement placed or made in violation of this Article shall be deemed to be nonconforming. Upon written request from the Board or the Declarant, Owners shall, at their own cost and expense, remove such structure or improvement and restore the land to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Board or its designees shall have the right, in addition to any other remedy provided herein for the enforcement of this Declaration, to enter the property, remove the violation and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the benefitted Lot and collected as a Specific Assessment in accordance with Section 6.6 of this Declaration.

Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded by the Board from further construction activity within the Community. In such event, neither the Association, its officers, nor its directors shall be held liable to any Person for exercising the rights granted by this Section.

In addition to the foregoing, the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the ARC.

7.9 Notice of Violation. To evidence any violation of this Declaration, the Bylaws, rules or Design Guidelines by any Owner or Occupant, the Board may file, but is not required to file, in the deed records of Dallas County, Texas, a notice of violation setting forth (i) the violation, (ii) the name of the Owner and Lot, and (iii) a sufficient legal description of the Lot. Such notice shall be signed and acknowledged by an officer or duly authorized agent or attorney of the Association. The cost of preparing and recording such notice shall be assessed as a Specific Assessment against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing pursuant to Section 6.6 hereof.

ARTICLE VIII USE RESTRICTIONS

8.1 General. The Properties shall be used only for residential, recreational and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by Declarant to assist in the sale of any portion of the Properties, offices for any property manager, or business offices for Declarant or the Association) consistent with the Governing Documents.

8.2 Occupants Bound. All provisions of the Governing Documents which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Lot. Every Owner shall cause all occupants of his or her Lot to comply with the Governing Documents. Every Owner shall be responsible for all violations and losses to the Common Property caused by such occupants, notwithstanding the fact that such occupants of a Lot are fully liable and may be sanctioned for any such violation or loss.

8.3 Signs. No sign of any kind shall be displayed to the public view on any Lot except (i) one (1) sign of not more than five (5) square feet advertising the property for rent or sale; (ii) signs used by the Declarant or by a Builder to advertise the Community during the development, construction and sales periods; and (iii) political signs advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than a reasonable period of time (in no event to exceed sixty (60) days in advance of the election to which they pertain and are removed within fifty (15) days after the election. The Association 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.

8.4 Parking and Prohibited Vehicles.

(a) Parking. Vehicles shall not be parked overnight on public or private streets or thoroughfares. Visitors or guests may park on streets for no more than twenty-four (24) hours. The Declarant and/or the Association may designate certain on-street parking areas for visitors or guests subject to reasonable rules.

(b) Prohibited Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, golf carts, stored vehicles, inoperable vehicles, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and watercraft trailers shall be parked only in enclosed garages or other areas, if screened from view from streets. For purposes of this Section, a vehicle shall be considered "stored" if it is put up on blocks or covered with a tarpaulin and remains on blocks or so covered for fourteen (14) consecutive days. For purposes of this Section, a vehicle shall be considered "inoperable" if it is obviously not capable of being operated as a vehicle or if it does not have current registration or operating licenses. Notwithstanding the above, service and delivery vehicles may be parked in the Properties for such period of time as is reasonably necessary to provide service or to make a delivery to a Lot or the Common Property. Any vehicle parked in violation of this Section or parking rules promulgated by the Board may be towed in accordance with Texas law.

8.5 Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any portion of the Properties, except that a reasonable number of dogs, cats or other usual and common household pets may be permitted on a Lot. Each and every dog must be leashed and accompanied by its owner when traveling beyond the perimeter of a secure enclosure (as hereinafter defined), and such pet owner shall promptly clean and remove the discharge and waste of his or her pet. No dog shall be left unattended outside a secure enclosure so as to be accessible to Persons other than the pet owner. Notwithstanding the above, those pets which are permitted to roam free or, in the sole discretion of the Board, endanger the health, make objectionable noise or constitute a nuisance or inconvenience to the occupants of other Lots shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet. For purposes of this Section, a "secure enclosure" means a fenced area or structure that is (i) locked; (ii) capable of preventing the entry of the general public, including children; (iii) capable of preventing the escape or release of a pet; and (iv) in conformance with the requirements for enclosures established by the local animal control authority.

8.6 Quiet Enjoyment. Nothing shall be done or maintained on any part of a Lot which emits foul or obnoxious odors outside the Lot or creates noise or other conditions which tend to disturb the peace, quiet, safety, comfort or serenity of the occupants of other Lots. There shall not be maintained any plants or animals or device or things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the Properties.

No noxious, illegal or offensive activity shall be carried on upon any portion of the Properties, which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance or nuisance to persons using the Common Property or to the occupants of other Lots. No outside burning of trash or garbage shall be permitted within the Properties. No speaker, horn, whistle, bell or other sound device, except alarm devices used exclusively for security purposes, shall be installed or operated on any Lot. The use and discharge of firecrackers and other fireworks is prohibited within the Properties.

8.7 Unightly or Unkept Conditions. All portions of a Lot outside of enclosed structures shall be kept in a clean and tidy condition at all times. Nothing shall be done, maintained, stored or kept outside of enclosed structures on a Lot which, in the determination of the Board, causes an unclean, unhealthy or untidy condition to exist or is obnoxious to the senses. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any part of the Properties. Notwithstanding the above, the disassembly and assembly of motor vehicles to perform repair work shall be permitted provided such activities are not conducted on a regular or frequent basis and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed within twelve (12) hours.

No person shall dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances in any drainage ditch, stream, pond or lake, street or gutter, or anywhere on the Common Areas. Such materials shall not be disposed of on any portion of the Properties without the prior permission of the Owner thereof.

8.8 Antennas. No exterior antennas, aerials, satellite dishes or other apparatus for the transmission of television, radio, satellite or other signals of any kind shall be placed, allowed or maintained upon any portion of the Properties, except that (i) antennas or satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; (ii) antennas or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; or (iii) antennas or satellite dishes ~~designed to receive television broadcast signals~~ [(i), (ii) and (iii) are collectively referred to as "Permitted Devices"] shall be permitted, provided that any such Permitted Device is placed in the least conspicuous location on the Lot at which an acceptable quality signal can be received and is not visible from neighboring property or is screened from the view of adjacent Lots in a manner consistent with the Community-Wide Standard and the Design Guidelines.

8.9 Clotheslines, Garbage Cans, Tanks, etc. Permanent clotheslines and clothesline supports are not permitted. All garbage cans, above-ground storage tanks, mechanical equipment and other similar items on Lots shall be located or screened so as to be concealed from view of neighboring Lots, streets and property located adjacent to the Lot. All rubbish, trash and garbage shall be stored in appropriate containers approved pursuant to Article XI. All rubbish, trash and garbage shall regularly be removed from the Properties and shall not be allowed to accumulate. Garbage and trash cans may be placed at the curbside or other designated pickup location not more than twenty-four (24) hours prior to the pickup time and must be removed within twelve (12) hours after pickup.

8.10 Subdivision and Time Sharing. No Lot shall be subdivided into two or more Lots, nor shall two or more Lots be combined into a single Lot, nor shall a Lot have its boundary lines changed after a subdivision plat including such Lot has been approved and recorded except with the prior written approval of the Board. Declarant, however, hereby expressly reserves the right to subdivide, change the boundary line of and replat any Lot(s) owned by Declarant. Notwithstanding

the combination of two or more Lots into a single Lot, the Owner of the combined Lot(s) shall be obligated to pay the Base Assessment, or any Special Assessment or Neighborhood Assessment, based upon the number of Lots originally comprising the Lot as shown on the original approved and recorded plat of the portion of the Properties including such Lots.

No Lot shall be made subject to any type of timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years.

8.11 Firearms. The discharge of firearms and use of bows and arrows within the Properties is prohibited. The term "firearms" includes "B-B" guns, pellet guns and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained in the Governing Documents, the Association shall not be obligated to take action to enforce this Section.

8.12 Pools. No above-ground swimming pools shall be erected, constructed or installed on any Lot. Jacuzzis, whirlpools or spas approved pursuant to Article XI shall not be considered an above-ground pool for the purposes of this Section.

8.13 Irrigation. No sprinkler or irrigation systems of any type which draw upon water from creeks, streams, rivers, ponds, lakes, wetlands or other surface water within the Properties shall be installed, constructed or operated within the Properties unless prior written approval has been received from the Board or its designee. However, the Declarant and the Association shall have the right to draw water from such sources for the purpose of irrigating the Area of Common Responsibility. All private wells shall be subject to approval in accordance with Article XI of this Declaration.

8.14 Tents, Mobile Homes and Temporary Structures. Except as may be permitted by the Declarant or the Committee during initial construction within the Properties, no tent, shack, mobile home, storage shed or structure of a temporary nature shall be placed upon a Lot or any part of the Properties without prior approval pursuant to Article XI hereof, except that party tents or similar temporary structures may be erected for a limited period of time for special events with prior written approval of the Board.

8.15 Grading, Drainage and Septic Systems. No Person shall alter the grading of any Lot without prior approval pursuant to Article XI of this Declaration. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person other than Declarant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers or storm drains. The Declarant hereby reserves for itself and the Association a perpetual easement across the Properties for the purpose of altering drainage and water flow. However, the exercise of such an easement shall not materially diminish the value of or unreasonably interfere with the use of any adjacent property without the Owner's consent. Septic tanks and drain fields, other than those installed by or with the consent of the Declarant, are prohibited within the Properties.

8.16 Removal of Plants and Trees. No trees or shrubs, except for those which are diseased or dead or create a safety hazard, shall be removed except in strict compliance with the Design Guidelines and upon prior approval in accordance with Article XI of this Declaration. In the event of an intentional or unintentional violation of this section, the violator may be required by the Committee to replace the removed tree with one or more comparable trees of such size and number and in such locations as the Committee may determine necessary, in its sole discretion, to mitigate the damage.

8.17 Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge or shrub planting shall be placed or permitted to remain where it would create a traffic or sight line problem.

8.18 Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within the Properties, except for temporary lines as required during construction.

8.19 Window Air Conditioning Units. No window air conditioning units may be installed in any dwelling or structure on a Lot.

8.20 Lighting. Except for traditional holiday decorative lights, which may be displayed for one (1) month prior to and one (1) week after any commonly recognized holiday for which such lights are traditionally displayed, all exterior lights must be approved in accordance with Article XI of this Declaration.

8.21 Artificial Lakes, Exterior Sculpture and Similar Items. No artificial lakes, vegetation, permanent or temporary flagpoles, exterior sculpture, fountains, flags, birdhouses, birdbaths, other decorative embellishments, or similar items, shall be permitted unless approved in accordance with Article XI of this Declaration.

8.22 Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Committee pursuant to Article XI hereof. No windmills, wind generators or other apparatus for generating power from the wind shall be erected or installed on any Lot.

8.23 Wetlands, Lakes and Other Water Bodies. All wetlands, lakes, ponds and streams within the Properties, if any, shall be aesthetic amenities only and no other use thereof, including, without limitation, fishing, skiing, swimming, boating, playing or use of personal flotation devices, shall be permitted without the prior approval of the Board. The Association shall not be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds or streams within the Properties. No docks, piers or other structures shall be constructed on or over any body of water within the Properties, except such as may be constructed by the Declarant or the Association.

8.24 Playground and Recreational Equipment. No jungle gyms, swing sets, basketball hoops and backboards, similar playground equipment, tennis courts or such other recreational equipment shall be erected or installed on any Lot without prior written approval in accordance with Article XI hereof. Any basketball hoops or backboards permitted by the Committee must not be visible from the street. Any playground or other play areas or equipment furnished by the Association or erected within the Properties shall be used at the risk of the user. The Association shall not be held liable to any Person for any claim, damage or injury occurring thereon or related to use thereof.

8.25 Fences. No hedges, walls, dog runs, animal pens or fences of any kind shall be permitted on any Lot except as approved in accordance with Article XI of this Declaration.

8.26 Business Use. No business, trade or similar activity may be conducted in or from any Lot, except that an Owner or occupant residing in a Lot may conduct business activities within the Lot so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot, (ii) the business activity conforms to all zoning requirements for the Properties, (iii) the business activity does not noticeably increase the level of vehicular or pedestrian traffic or the number of vehicles parked in the Properties, (iv) the business activity does not involve door-to-door solicitation of residents of the Properties, and (v) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

Garage sales, moving sales, rummage sales, or similar activities on any Lot may be permitted no more often than once per year, and subject to such restrictions as may be imposed by the Board from time to time.

The terms "business" and "trade" as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether (i) such activity is engaged in full or part time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

Notwithstanding the above, the leasing of a Lot shall not be considered a business or trade within the meaning of this Section. This Section shall not apply to any activity conducted by the Declarant or a Builder approved by the Declarant with respect to its development and sale of the Properties or its use of any Lots which it owns within the Properties.

8.27 On-Site Fuel Storage. No on-site storage of gasoline, heating or other fuels shall be permitted on any part of the Properties. However, up to five (5) gallons of fuel may be stored on each Lot for emergency purposes and operation of lawn mowers and similar tools or equipment and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators and similar equipment.

8.28 Leasing of Lots. "Leasing", for purposes of this Declaration, is defined as regular, exclusive occupancy of a Lot by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity or emolument. All Leases shall be in writing. Lots may be leased only in their entirety. No fraction or portion may be leased. There shall be no subleasing of Lots or assignment of leases unless prior written approval is obtained from the Board. No transient tenants may be accommodated in a Lot. All leases shall be in writing and shall be for an initial term of no less than six (6) months, except with the prior written consent of the Board. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Owner within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Governing Documents. The Board may adopt reasonable rules regulating leasing and subleasing.

8.29 Laws and Ordinances. Every Owner and occupant of any Lot, their guests and invitees, shall comply with all laws, statutes, ordinances and rules of federal, state and municipal governments applicable to the Properties. Any violation may be considered a violation of this Declaration. However, the Association shall have no obligation to take action to enforce such laws, statutes, ordinances and rules.

8.30 Single Family Occupancy. No Lot shall be occupied by more than a single family. For purposes of this restriction, a single family shall be defined as any number of persons related by blood, adoption or marriage living with not more than one person who is not so related as a single household unit, or no more than two persons who are not so related living together as a single household unit, and the household employees of either such household unit; provided, however, that nothing herein shall be interpreted to restrict the ability of one or more adults meeting the definition of a single-family from residing with any number of persons under the age of eighteen (18) over whom such persons have legal authority.

8.31 Mineral Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted on any Lot. No derrick or other structure designed for use in boring for water, oil, natural gas or other minerals shall be erected and maintained or permitted on any Lot.

ARTICLE IX **CONDEMNATION**

In the event of a taking by eminent domain of any portion of the Common Property on which improvements have been constructed, then, unless within sixty (60) days after such taking, Class "A" Members representing at least seventy-five percent (75%) of the total Class "A" votes and the Class "B" Member, if any, shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Property to the extent lands are available therefor. The provisions of Section 5.3 applicable to damage to improvements on the Common Property shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

ARTICLE X
MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders of First Mortgages on Lots in the Community. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

10.1 Notices of Action. An institutional holder, insurer or guarantor of a First Mortgage who provides a written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the Lot number, therefore becoming an "Eligible Holder") will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Lot on which there is a First Mortgage held, insured or guaranteed by such Eligible Holder;

(b) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a First Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by the Owner of the encumbered Lot of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days; or

(c) any lapse, cancellation or material modification of any insurance policy maintained by the Association.

10.2 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the First Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

10.3 Notice to Association. Upon request, each Lot Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

10.4 Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least sixty-seven percent (67%) of the First Mortgagees or Class "A" Members representing at least sixty-seven percent (67%) of the total Class "A" votes and the Class "B" Member, if any, consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the real property comprising the Common Property which the

Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Property shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner of a Lot;

(c) By act or omission change, waive or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Lots and the Common Property (the issuance and amendment of architectural standards, procedures, rules and regulations or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this provision);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Property losses for other than the repair, replacement or reconstruction of such property.

First Mortgagees may, jointly or singularly, pay taxes or other charges which are in default and which may or have become a charge against the Common Property and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and First Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

10.5 Other Provisions for Mortgagees. To the extent possible under Texas law:

(a) Any restoration or repair of the Community after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of First Mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of First Mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to Mortgages held by such Eligible Holders are allocated.

10.6 Amendments to Documents. The following provisions do not apply to amendments to the constituent documents or termination of the Association made as a result of destruction, damage or condemnation pursuant to Sections 10.5(a) and (b) of this Article or to the addition of land in accordance with Article XII.

(a) The consent of Members representing at least sixty-seven percent (67%) of the Class "A" votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of First Mortgages on Lots to which at least sixty-seven percent (67%) of the votes of Lots subject to a Mortgage appertain shall be required to terminate the Association.

(b) The consent of Members representing at least sixty-seven percent (67%) of the Class "A" votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of Eligible Holders of First Mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to a Mortgage appertain shall be required to materially amend any provisions of the Declaration, Bylaws or Articles of Incorporation or to add any material provisions thereto which establish, provide for, modify, govern or regulate any of the following:

- (i) voting;
- (ii) assessments, assessment liens or subordination of such liens;
- (iii) reserves for maintenance, repair and replacement of the Common Property;
- (iv) insurance or fidelity bonds;
- (v) rights to use the Common Property;
- (vi) responsibility for maintenance and repair of the Community;
- (vii) expansion or contraction of the Community or the addition, annexation or withdrawal of Community to or from the Association;
- (viii) boundaries of any Lot;
- (ix) leasing of Lots;
- (x) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer or otherwise convey his or her Lot;
- (xi) establishment of self-management by the Association where professional management has been required by an Eligible Holder; or
- (xii) any provisions included in the Declaration, Bylaws or Articles of Incorporation which are for the express benefit of holders, guarantors or insurers of First Mortgages on Lots.

10.7 VA/HUD Approval. As long as the Declarant has the right to appoint and remove the directors of the Association and so long as the project is approved by the U. S. Department of Housing and Urban Development ("HUD") for insuring by the U. S. Department of Veterans Affairs ("VA") for guaranteeing any Mortgage in the Community, the following actions shall require the prior approval of the VA or HUD: annexation of additional property to the Community; dedication of Common Property to any public entity; mergers and consolidations; dissolution of the Association; and material amendment of the Declaration, Bylaws or Articles of Incorporation.

10.8 Amendments by Board. Should the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, HUD or VA subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

10.9 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request; provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

10.10 Applicability of Article X. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws or Texas law for any of the acts set out in this Article.

ARTICLE XI EASEMENTS

11.1 Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between each Lot and such portion or portions of the Common Property adjacent thereto or as between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than one (1) foot, as measured from any point on the common boundary between each Lot and the adjacent portion of the Common Property or as between adjacent Lots, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, Occupant or the Association.

11.2 Easements for Use and Enjoyment.

(a) Every Owner of a Lot shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to each Lot, subject to the following provisions:

(i) the right of the Association to charge reasonable admission and other fees for the use of any portion of the Common Property, to limit the number of guests of Lot Owners and tenants who may use the Common Property, and to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner, and the family, tenants, guests and invitees of an Owner;

(ii) the right of the Association to suspend the voting rights of a Lot Owner and the right of an Owner to use the recreational facilities available for use by the Community, if any, for any period during which any assessment against such Owner's Lot which is herein provided for remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, Bylaws or rules and regulations;

(iii) the right of the Association to borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a Mortgage conveying all or any portion of the Common Property; provided, however, the lien and encumbrance of any such Mortgage given by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community (any provision in this Declaration or in any such Mortgage given by the Association to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of Declarant or any Lot or Lot Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community). No such Mortgage shall be effective unless an instrument agreeing to such Mortgage has been approved by Declarant (so long as Declarant owns any property for development and/or sale within the Community) and two-thirds (2/3) of the Class "A" Members;

(iv) the right of the Association to dedicate or grant licenses, permits or easements over, under and through the Common Property to governmental entities for public purposes; and

(v) the right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the members of the Association. No such dedication, transfer or conveyance shall be effective unless an instrument agreeing to such dedication or transfer has been approved by Declarant (so long as Declarant owns any property for development and/or sale within the Community) and two-thirds (2/3) of the Class "A" Members.

(b) Any Owner may delegate such Owner's right of use and enjoyment in and to the Common Property and facilities located thereon to the members of such Owner's family and to such Owner's tenants and guests and shall be deemed to have made a delegation of all such rights to the Occupants of such Owner's Lot, if leased.

11.3 Easements for Utilities. There is hereby reserved to the Declarant blanket easements upon, across, above and under all property within the Community for access, ingress, egress, installation, repairing, replacing and maintaining all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, or security system which Declarant or the Association might decide to have installed to serve the Community. It shall be expressly permissible for the Declarant to install, repair, replace and maintain or to authorize the installation, repairing, replacing and maintaining of such wires, conduits, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Declarant shall have the right to grant such easement.

11.4 Easement for Entry. In addition to the right of the Board to exercise self-help as provided in this Declaration, the Association shall have the right, but shall not be obligated, to enter upon any property within the Community for emergency, security and safety reasons, which right may be exercised by the manager and all policemen, firemen, ambulance personnel and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Association to enter to cure any condition which may increase the possibility of a fire, slope erosion or other hazard in the event an Owner or Occupant fails or refuses to cure the condition upon request by the Board.

11.5 Easement for Maintenance. The Declarant hereby expressly reserves a perpetual easement for the benefit of the Association across such portions of the Community, determined in the sole discretion of the Association, as are necessary to allow for the maintenance required under Article IV. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment to Lots, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

11.6 Easement for Entry Features. There is hereby reserved to the Declarant and the Association an easement for ingress, egress, installation, construction landscaping and maintenance of entry features and similar streetscapes for the Community, over and upon each Lot (excluding Residences). The easement and right herein reserved shall include, without limitation, the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around such entry features and the right to grade the land under and around such entry features.

11.7 Easement for Screening Walls. Declarant does hereby perpetually dedicate, establish, create and set aside a non-exclusive ten foot (10') wide easement over, across and upon the Community, such easement to be five feet (5') on either side of the entry features, monuments and screening walls. Such easements are reserved for the exclusive benefit of Declarant and the

Association, and the designees of each (which may include, without limitation, the City of Dallas and any utility) for the construction, maintenance and repair of entry features, monuments and screening walls. Owners shall not alter, paint, attach fences to or otherwise use such walls even though certain of such walls and/or the easement reserved herein may be located on such Owner's Lot.

11.8 Construction and Sale Period Easement. Notwithstanding any provisions contained in this Declaration, the Bylaws, Articles of Incorporation, rules, Design Guidelines and any amendments thereto, so long as Declarant owns any property in the Community for development and/or sale, Declarant reserves an easement across the Community for Declarant and any Builder to maintain and carry on, upon such portion of the Community as Declarant may reasonably deem necessary, such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient or incidental to the construction or sale of such Units including, but not limited to, business offices, signs and sales offices.

11.9 Easements to Serve Additional Property. The Declarant hereby reserves for itself and its duly authorized agents, representatives, employees, successors, assigns, licensees and mortgagees, an easement over the Common Property for the purposes of enjoyment, use, access and development of the property described in Exhibit "B", whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Property for construction of roads and for connecting and installing utilities on such property. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Property as a result of vehicular traffic connected with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof is not made subject to this Declaration, the Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of maintenance of any access roadway serving such property.

ARTICLE XII ANNEXATION AND WITHDRAWAL OF PROPERTY

12.1 Annexation Without Approval of Membership. The Declarant shall have the unilateral right, privilege and option, from time to time at any time until the Declarant no longer owns property for development and/or sale in the Community or until December 31, 2010, whichever is earlier, to subject to the provisions of this Declaration and the jurisdiction of the Association all or any portion of the real property described on Exhibit "B". The Declarant shall have the unilateral right to transfer to any other Person the right, privilege and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the owner of at least a portion of the real property described in Exhibit "A" and Exhibit "B" and that such transfer is memorialized in a written, recorded instrument executed by the Declarant. Nothing in this Declaration shall be construed to require the Declarant or any successor to annex or develop any of the property set forth in Exhibit "B" in any manner whatsoever.

Such annexation shall be accomplished by filing a supplemental declaration annexing such property in the County Clerk official records of Dallas County, Texas. Such supplemental declaration shall not require the consent of Members but shall require the consent of the owner of

such property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such supplemental declaration unless otherwise provided therein.

12.2 Annexation With Approval of Membership. Subject to the consent of the owner thereof, the Association may annex real property other than that described on Exhibit "B" and following the expiration of the right in Section 12.1, any property described on Exhibit "B", to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of Members representing a majority of the Class "A" votes of the Association represented at a meeting duly called for such purpose.

Annexation shall be accomplished by filing a supplemental declaration describing the property being annexed in the County Clerk official records of Dallas County, Texas. Any such supplemental declaration shall be signed by the President and the Secretary of the Association and by the owner of the property being annexed. Any such annexation shall be effective upon filing unless otherwise provided therein.

12.3 Withdrawal of Property. The Declarant reserves the right to amend this Declaration unilaterally at any time so long as it holds an unexpired option to expand the Community pursuant to Section 12.1 of this Article XII without prior notice and without the consent of any Person, for the purpose of removing certain portions of the Community then owned by the Declarant or its affiliates or the Association from the provisions of this Declaration, to the extent originally included in error or as a result of any changes whatsoever in the plans for the Community desired to be effected by the Declarant.

12.4 Additional Covenants and Easements. The Declarant may unilaterally subject any portion of the property submitted to this Declaration initially or by supplemental declaration to additional covenants and easements, including covenants obligating the Association to maintain and insure such property on behalf of the Owners and obligating such Owners to pay the costs incurred by the Association through assessments. Such additional covenants and easements shall be set forth in a supplemental declaration filed either concurrent with or after the annexation of the subject property, and shall require the written consent of the owner(s) of such property, if other than the Declarant.

12.5 Amendment. This Article shall not be amended without the prior written consent of Declarant so long as the Declarant owns any property described in Exhibit "A" or Exhibit "B".

ARTICLE XIII **GENERAL PROVISIONS**

13.1 Duration. This Declaration shall run with and bind the Community, and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors and assigns, perpetually to the extent provided by law; provided,

however, so long as, and to the extent that, Texas law limits the period during which covenants restricting land to certain uses may run, any provisions of this Declaration affected thereby shall run with and bind the land so long as permitted by such law, after which time, any such provision shall be (a) automatically extended (to the extent allowed by applicable law) for successive periods of ten (10) years, unless a written instrument reflecting disapproval of the extensions signed by the then Owners of at least two-thirds (2/3) of the Lots and the Declarant (so long as Declarant owns any property for development and/or sale in the Community) has been recorded within the year immediately preceding the beginning of a ten (10) year renewal period agreeing to change such provisions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated to the extent specified therein; or (b) extended as otherwise provided by law. Every purchaser or grantee of any interest (including, without limitation, a security interest) in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this Section.

13.2 Amendment.

(a) By Declarant. This Declaration may be amended unilaterally at any time and from time to time by the Declarant if such amendment is (i) necessary to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) required by an institutional or governmental lender, purchaser, insurer or guarantor of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to make, purchase, insure or guarantee mortgage loans on the Lots; or (iv) otherwise necessary to satisfy the requirements of any governmental agency. However, any such amendment shall not adversely affect the title to any Lot unless the Lot Owner shall consent thereto in writing. Nothing herein may be construed to require the Declarant to amend this Declaration to comply with any of the requirements of items (i) through (iv) of this Paragraph. So long as the Declarant still owns property for development and/or sale as part of the Community, the Declarant may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse affect upon the right of any Owner.

(b) By Owners. Thereafter and otherwise, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of the Class "A" Members representing at least two-thirds (2/3) of the Class "A" votes and the consent of the Declarant (so long as the Declarant owns any property for development and/or sale in the Community). Amendments to this Declaration shall become effective upon recordation, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provision of this Declaration.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

13.3 Partition. The Common Property shall remain undivided, and no Owner nor any other Person shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the property located within the Community and without the written consent of all holders of all Mortgages encumbering any portion of the property, including, but not necessarily limited to, the Lots.

13.4 Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

13.5 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

13.6 Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular Article or Section to which they refer.

13.7 Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

13.8 Notice of Sale, Lease or Acquisition. In the event an Owner sells or leases such Owner's Lot, the Owner shall give to the Association, in writing, within thirty (30) days of the effective date of such sale or lease, the name of the purchaser or lessee of the Lot and such other information as the Board may reasonably require. Upon acquisition of a Lot each new Owner shall

give the Association, in writing, the name and mailing address of the Owner and such other information as the Board may reasonably require.

13.9 Agreements. Subject to the prior approval of Declarant (so long as Declarant owns any property for development and/or sale in the Community), all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board, shall be binding upon all Owners, their heirs, legal representatives, successors, assigns and others having an interest in the Community or the privilege of possession and enjoyment of any part of the Community.

13.10 Use of the Words "Wisdom Creek". No person shall use the words "Wisdom Creek" or any derivative or any other term which Declarant may select as the name of the development or any component thereof in any printed or promotional material without the Declarant's prior written consent. However, Owners may use the words "Wisdom Creek" in printed or promotional matter solely to specify that particular property is located within the Community, and the Association shall be entitled to use the words "Wisdom Creek" in its name.

IN WITNESS WHEREOF, the Declarant hereby executes this instrument under seal this 29th day of September, 2003.

DECLARANT:

ENCINOS-WISDOM II, LTD.

By: RESLAND DEVELOPMENT CORPORATION, its General Partner

By: [Signature]

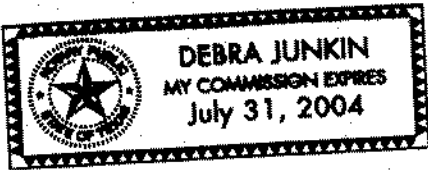
Its: Director of Land Dev.

STATE OF TEXAS

COUNTY OF DALLAS

§
§
§

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on the 29 day of September, 2003, personally appeared Bruce Scusta, duly authorized agent of Resland Development Corporation, general partner of Encinos-Wisdom II, Ltd. and acknowledged that he executed the foregoing document on behalf of said corporation.



[Signature]
Notary Public in and for
the State of Texas
My Commission Expires: 7-31-04

FARWBWPGPUD.RESWISDOMCREEK4

AFTER RECORDING RETURN TO:

Lance E. Williams, Esq.
Riddle & Williams, P.C.
3811 Turtle Creek Boulevard, Suite 1050
Dallas, Texas 75219

DECLARATION - PAGE 40

2003210 02502

Exhibit "A"

LEGAL DESCRIPTION (Wisdom Creek Phase 1)

Being a 15.247 acre tract of land situated in the John R. Bell Survey, Abstract No. 123, City of Dallas, Dallas County, Texas and being part of that 44.2206 acre tract conveyed to Camp Wisdom/Bainbridge 43 Joint Venture as recorded in Volume 92212, Page 5006, said 44.2206 acre tract being part of block 3/6929 of Canterbury Village, an addition to the City of Dallas, as recorded in Volume 70071, Page 1444, Deed Records, Dallas County, Texas and being all of a 24.1861 acre tract located in City of Dallas Block 6928, as conveyed to Metroplex Equities, Inc., Trustee, as recorded in Volume 72243, Page 1000, Deed Records, Dallas County, Texas, and being more particularly described as follows;

COMMENCING at a 1/2-inch iron rod found at the intersection of the South line of Camp Wisdom Road (a 95 foot right-of-way) with the West line of Bainbridge Drive (a 60 foot right-of-way);

THENCE South $34^{\circ}22'00''$ East, leaving the south line of said Camp Wisdom Road and along the west line of said Bainbridge Drive a distance of 16.97 feet to a 1/2-inch iron rod found for corner, said point being the beginning of a non-tangent curve to right having a radius of 257.00 feet and a chord that bears South $28^{\circ}08'44''$ West a distance of 50.42 feet;

THENCE in a southwesterly direction along said curve to the right with the west line of said Bainbridge Drive, through a central angle of $11^{\circ}15'32''$ an arc distance of 50.50 feet to a 1/2-inch iron rod found for corner, said point being the beginning of a reverse curve to the left having a radius of 317.00 feet and a chord that bears South $16^{\circ}30'45''$ West a distance of 188.14 feet;

THENCE in a southwesterly direction along said curve to the left continuing along the west line of said Bainbridge Drive, through a central angle of $34^{\circ}31'32''$ an arc distance of 191.02 feet to a 1/2-inch iron rod found for corner;

THENCE South $00^{\circ}45'00''$ East, continuing along the west line of said Bainbridge Drive a distance of 201.91 feet to a 5/8-inch iron rod with cap (stamped PETITT_RPLS 4087) set for the POINT of BEGINNING;

THENCE South $00^{\circ}45'00''$ East, continuing along the west line of said Bainbridge Drive a distance of 670.77 feet to a 5/8-inch iron rod with cap set for corner;

THENCE South $89^{\circ}15'00''$ West, leaving the west line of said Bainbridge Drive a distance of 115.00 feet to a 5/8-inch iron rod with cap stamped set for corner;

THENCE South $00^{\circ}45'00''$ East, a distance of 114.16 feet to a 5/8-inch iron rod with cap stamped set for corner;

THENCE South $89^{\circ}15'00''$ West, a distance of 56.00 feet to a 5/8-inch iron rod with cap stamped set for corner;

THENCE North $00^{\circ}45'00''$ West, a distance of 10.00 feet to a 5/8-inch iron rod with cap stamped set for corner;

THENCE South $89^{\circ}15'00''$ West, a distance of 465.65 feet to a 5/8-inch iron rod with cap stamped set for corner;

THENCE South $08^{\circ}49'20''$ East, a distance of 10.00 feet to a 5/8-inch iron rod with cap stamped set for corner;

THENCE South $81^{\circ}10'40''$ West, a distance of 56.00 feet to a 5/8-inch iron rod with cap stamped set for corner;

THENCE North $08^{\circ}49'20''$ West, a distance of 97.28 feet to a 5/8-inch iron rod with cap stamped set for corner;

THENCE South $81^{\circ}10'40''$ West, a distance of 115.00 feet to a 5/8-inch iron rod with cap stamped set for corner, said point being in the east line of Chaucer Place (a 60 foot right-of-way);

THENCE North $08^{\circ}49'20''$ West, along the east line of said Chaucer Place a distance of 202.60 feet to a 1/2-inch iron rod found for corner, said point being the beginning of a curve to the left having a radius of 1030.00 feet and a chord that bears North $14^{\circ}00'55''$ West a distance of 186.45 feet;

THENCE in a northwesterly direction along said curve to the left and the east line of said Chaucer Place, through a central angle of $10^{\circ}23'10''$, an arc distance of 186.71 feet to a 1/2-inch iron rod found for corner;

THENCE North $19^{\circ}12'30''$ West, continuing along the east line of said Chaucer Place a distance of 275.36 feet to a 1/2-inch iron rod found for corner, said point being the southwest corner of the Independent American Corp. tract as recorded in Volume 83066, Page 2027 of said Deed Records;

THENCE North $70^{\circ}47'30''$ East, leaving the east line of said Chaucer Place and along the south line of said Independent American tract a distance of 240.69 feet to a 1/2-inch iron rod found for corner;

THENCE North $89^{\circ}10'40''$ East, continuing along the south line of said Independent American tract a distance of 346.26 feet to a 1/2-inch iron rod found for corner, said point being the southeast corner of said Independent American tract;

THENCE South $89^{\circ}41'58''$ East, a distance of 402.13 feet to the POINT of BEGINNING and containing 15.247 acres of land, more or less.

2003210 02504

Exhibit "B"

LEGAL DESCRIPTION (Wisdom Creek Phase 2)

Being a tract of land situated in the John R. Bell Survey, Abstract No. 123, City of Dallas, Dallas County, Texas and being a part of the 44.2206 acre tract conveyed to Camp Wisdom/Bainbridge 43 Joint Venture as recorded in Volume 92212, Page 5006, Deed Records, Dallas County, Texas and being more particularly described as follows:

BEGINNING at the southeast corner of Wisdom Creek Phase I, and said point being on the west right of way line of Bainbridge Road (60 foot right of way) an addition to the City of Dallas as recorded in Volume 2003-070, Page 110, of Map Records, Dallas County, Texas;

THENCE South $00^{\circ}45'00''$ East, along the west line of said Bainbridge Drive, a distance of 1302.33 feet to a point for a corner, said point being the beginning of a non-tangent curve to the right;

THENCE Southwesterly, leaving the west line of said Bainbridge Drive, along the north line of Kimwood Drive (60 foot right-of-way) and the southerly boundary of said tract, along said curve to the right which has a chord that bears South $52^{\circ}36'39''$ West for 277.23 feet, a central angle of $55^{\circ}02'23''$ and a radius of 300.00 feet, for an arc distance of 288.19 feet to a point for a corner;

THENCE South $80^{\circ}07'50''$ West, continuing along the southerly boundary of said tract and the north line of said Kimwood Drive, a distance of 24.38 feet to a point for corner;

THENCE North $89^{\circ}56'10''$ West, continuing along the southerly boundary of said tract and the north line of said Kimwood Drive, a distance of 153.87 feet to a point for corner;

THENCE North $00^{\circ}49'20''$ West, continuing along the southerly boundary of said tract and the north line of said Kimwood Drive, a distance of 3.47 feet to a point for corner;

THENCE South $80^{\circ}07'50''$ West, continuing along the southerly boundary of said tract and the north line of said Kimwood Drive, a distance of 341.89 feet to a point for the beginning of a tangent curve to the right,

THENCE Northwesterly, leaving the north line of said Kimwood Drive, along said curve to the right which has a chord that bears North $50^{\circ}16'13''$ West for 22.85 feet, a central angle of $99^{\circ}11'53''$ and a radius of 15.00 feet, for an arc distance of 25.97 feet to a point, said point being in the east line of Chaucer Place (60 foot right-of-way) and the southwest corner of said tract;

THENCE North $00^{\circ}49'20''$ West, along the east line of said Chaucer Place and the west line of said tract, a distance of 957.33 feet to a point for the beginning of a tangent curve to the left;

THENCE Northwesterly, continuing along the east line of said Chaucer Place and the west line of said tract, along said curve to the left which has a chord that bears North 04°49'15" West for 143.65 feet, a central angle of 07°59'51" and a radius of 1030.00 feet, for an arc distance of 143.77 feet to a point for a corner;

THENCE North 08°49'20" West, continuing along the east line of said Chaucer Place and the west line of said tract, a distance of 366.59 feet to a point for a corner, said point being the southwest corner of said Wisdom Creek Phase I;

THENCE leaving the east line of said Chaucer Place and along the southerly boundary of said Wisdom Creek Phase I as follows:

North 81°10'40" East, a distance of 115.00 feet to a point for a corner;

South 08°49'20" East, a distance of 97.28 feet to a point for a corner;

North 81°10'40" East, a distance of 56.00 feet to a point for a corner;

North 08°49'20" West, a distance of 10.00 feet to a point for a corner;

North 89°15'00" East, a distance of 465.65 feet to a point for a corner;

South 00°45'00" East, a distance of 10.00 feet to a point for a corner;

North 89°15'00" East, a distance of 56.00 feet to a point for a corner;

North 00°45'00" West, a distance of 114.16 feet to a point for a corner;

North 89°15'00" East, a distance of 115.00 feet to the POINT OF BEGINNING and containing 1,057,702.91 square feet or 24.28 acres of land, more or less.

2003 210 02506