

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
THE VILLAGES OF INDIAN CREEK - PHASE I

THIS DECLARATION, made this 2nd day of October, 1985 by RALDON CORPORATION, a Nevada corporation ("Declarant");

W I T N E S S E T H:

WHEREAS, Declarant is the owner of the real property referred to in Article II of this Declaration; and desires to create on said property a residential community with residential lots, open spaces, and other common facilities for the benefit of the community; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities in said community and for the maintenance of said open spaces and other common facilities; and, to this end, desires to subject the real property (the "Properties") located in Denton County, Texas, and being described on Exhibit "A", attached hereto and made a part hereof for all purposes, to the covenants, conditions, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is and are for the benefit of said Properties and each owner thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities in said community, to create an agency to which would be delegated and assigned the powers of maintaining and administering the community properties and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has caused or will cause to be incorporated under the laws of the State of Texas The Villages of Indian Creek Owners Association, a nonprofit corporation.

NOW, THEREFORE, Declarant declares that the Properties are and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens (sometimes referred to as "Covenants, Conditions and Restrictions") hereinafter set forth.

ARTICLE I

DEFINITIONS

The following words when used in this Declaration shall have the following meanings:

(a) "Association" shall mean and refer to The Villages of Indian Creek Owners Association

(b) "Common Properties" shall mean and refer to those areas of land designated as Common Area No. 1 and Common Area No. 2 on Exhibit "A" attached hereto and made a part hereof for all purposes, together with any and all improvements that are now or may hereafter be constructed thereon.

© "Lot" shall mean and refer to each of the tracts or plots of land lying within the Properties and described on Exhibit "B".

(d) "Owner" shall mean and refer to every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenant of record to assessment by the Association, including contract sellers. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

(e) "Member" shall mean and refer to each Owner as provided herein in Article III.

(f) "Declarant" shall mean and refer to Raldon Corporation its successors and assigns, if (i) such successors and assigns should acquire more than one undeveloped Lot from the said Delsanter & Associates, Inc. for the purpose of development, and (ii) any such assignee shall receive by assignment from said Raldon Corporation all or a portion of its rights hereunder as such Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner of a Lot shall automatically be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Classes of Membership. The Association shall have two classes of voting membership:

CLASS A. Class A Members shall be all Members with the exception of Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. The Class B Member(s) shall be the Declarant. The Class B Member(s) shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership. However, at such times as the total number of Lots owned by the Class A Members equals or exceeds three (3) times the total number of Lots owned by the Class B Member(s), the Class B Member(s) shall, during the time such equality or excess continues, be entitled to only one (1) vote for every Lot owned by it. Control of the Association shall become vested in the Class A Members not later than the earlier of (i) 120 days after completion of transfer to such Class A Members of title to Lots representing seventy-five percent (75%) of the Lots in the Properties, or (ii) three (3) years following conveyance of the first Lot to a Class A Member.

Section 3. Quorum and Notice Requirements.

(a) Subject to the provisions of paragraph (c) of this Section, any action authorized by Sections 4(c) and 5 of Article IV shall require the assent of two-thirds (2/3) of each class of Members who are voting in person or by proxy at a meeting duly called for that purpose, written notice of which shall be given to all Members not less than thirty (30) days nor more than sixty (60) days in advance and shall set forth the purpose of such meeting.

(b) The quorum required for any action referred to in paragraph (a) of this Section shall be as follows:

At the first meeting called, the presence at the meeting of Members, or of proxies, entitled to cast sixty (60) per cent of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present at the meeting, one additional meeting may be called, subject to the notice requirement hereinabove set forth, and the required quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days following the first meeting.

© Any provision of this Declaration to the contrary notwithstanding, any action referred to in paragraph (a) of this Section may be taken with the assent given in writing and signed by two-thirds (2/3) of the Members of each class.

(d) Except as specifically set forth in this Declaration, notice, voting and quorum requirements of all action to be taken by the Association shall be set forth in its Articles of Incorporation and Bylaws as same may be amended from time to time.

ARTICLE III

PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this article, every Member and every tenant of every Member, who resides on a Lot, and each individual who resides with either of them, respectively, on such Lot shall have a right and easement of use and enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot; PROVIDED, HOWEVER, such easement shall not give such person the right to make alterations, additions or improvements to the Common Properties.

Section 2. Title to the Common Properties The Declarant shall dedicate and convey the fee simple title to the Common Properties to the Association, free and clear of all encumbrances and liens other than the lien of current taxes and assessments not in default and utility easements and mineral interests outstanding and of record in Denton County, Texas, prior to the date of the conveyance of the first Lot to an Owner.

Section 3. Extent of Members' Easement. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to prescribe regulations governing the use, operation and maintenance of the Common Properties (including limiting the number of guests of Members);

(b) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present and which is duly called and held for the following purpose, the right of the Association, in accordance with its Articles, to borrow money for the purpose of improving the Common Properties and facilities and in aid thereof to mortgage the Common Properties, and the rights of such mortgagee in the Common Properties shall be subordinate to the rights of the homeowners hereunder;

© The right of the Association to take such steps as are reasonably necessary to protect the Common Properties against foreclosure;

(d) The right of the Association, as provided in its Bylaws, to suspend the voting rights of any Member and to suspend the right of any individual to use any of the Common Properties and/or common facilities for any period during which any assessment against a Lot resided upon by such individual remains unpaid, and for any period not to exceed sixty (60) days for an infraction of its rules and regulations;

(e) The right of the Association to charge reasonable admission and other fees for the use of recreational facilities on the Common Properties; and

(f) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present and which is duly called and held for the following purpose, the right of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority, or utility for such purposes and upon such conditions as the Board of Directors of the Association may determine.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it within the Properties, hereby covenants and agrees, and each purchaser of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association (or to a mortgage company or other collection agency designated by the Association): (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided; (3) individual special assessments levied against individual Lot Owners to reimburse the Association for extra costs for maintenance and repairs caused by the willful or negligent acts of the individual Owner, his family, agents, guests and invitees, such assessments to be fixed, established and collected from time to time as hereinafter provided. The regular annual assessments thus collected by the Association shall constitute the maintenance fund of the Association. The annual, special capital and special individual assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon each lot against which each such assessment is made. Each such assessment together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the continuing personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The annual assessments shall be payable in monthly installments as provided in Section 7 of this Article IV.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used (i) for the purpose of promoting the recreation, health, safety and welfare of the residents of the Properties, and in particular for the improvement and maintenance of private roadways, jogging paths, walkways, or other properties, services and facilities devoted to this purpose and directly related to the use and enjoyment of the Common Properties including, but not limited to, the payment of taxes on and insurance in connection with the Common Properties and the repair, replacement and additions thereto; (ii) for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties; (iii) for carrying out the duties of the Board of Directors of the Association as set forth in Article V hereafter [including, but not limited to, the payment by the Association of all assessments and charges payable in connection with sewer, water and garbage pickup services and the installation and maintenance of lighting (if any) for the Common Properties]; (iv) for paying the cost of maintenance of the wall along Branch Hollow Drive (the "Wall") in the event the appropriate governmental authority

refuses to maintain the same; and (v) for carrying out the purposes of the Association as stated in its Articles of Incorporation.

Section 3. Improvement and Maintenance of the Common Properties Prior to Conveyance to the Association. After the date of the conveyance of the first Lot to an Owner, the Declarant shall have, at its election, the right in common with the Association to improve and maintain the Common Properties, and to exercise the duties of the Board of Directors of the Association and to pay taxes on and insurance in connection with the Common Properties and the cost of repairs, replacements and additions thereto, and for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties. In this regard, all assessments, both annual and special, collected by the Association (less such amounts required for the operation of the Association) shall be forthwith paid by the Association to Declarant, to the extent that such assessments are required by Declarant to improve and maintain the Common Properties as set forth in this paragraph and to carry out the duties of the Board of Directors of the Association. The Association shall rely upon a certificate executed and delivered by the Declarant with respect to the amount required by Declarant to improve and maintain the common Properties hereunder and to carry out the duties of the Board of Directors of the Association. Any sums required by Declarant to improve and maintain the Common Properties, in excess of the assessments collected by the Association, shall be borne and paid exclusively by Declarant.

Section 4. Basis and Amount of Annual Assessments.

(a) Until the year beginning January 1, 1986, the maximum annual assessment shall be One Hundred Twenty Dollars (\$120) for each Lot not owned by Declarant and an amount equal to not more than twenty-five percent (25%) of such amount for each Lot owned by Declarant at the time of each such annual assessment. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

(b) Commencing with the year beginning January 1, 1986, and each year thereafter, the Board of Directors may set the amount of the maximum annual assessment for the following year for each Lot, provided that the maximum annual assessment may not be increased more than five percent (5%) above the maximum annual assessment for the previous year without a vote of the membership taken in accordance with the provisions of the next succeeding paragraph (c) of this Section 4 of Article V. The maximum assessment for each Lot owned by Declarant, at the time of annual assessment, shall be an amount equal to twenty-five percent (25%) of the maximum amount assessed against each Lot owned by other Members, unless a Lot owned by Declarant is improved with a residential structure that is occupied, in which event the maximum assessment for such Lot shall be an amount equal to the maximum amount assessed against each Lot owned by other Members.

© Commencing with the year beginning January 1, 1986, and in each year thereafter, the Board of Directors may set the maximum annual assessment for the following year for each Lot at an amount more than five percent (5%) above the maximum annual assessment for the previous year; PROVIDED THAT any such increased assessment shall be approved by each class of the Association's Members, as provided in Section 3 of Article II.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 4 hereof, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the costs of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto; PROVIDED THAT any such assessment shall have the affirmative approval of the Association's Members, as provided in Section 3 of Article II.

Section 6. Uniform Rate of Assessments. Both annual and special assessments (excepting therefrom special individual assessments) must be fixed at a uniform rate for all Lots.

Section 7. Date of Commencement of Assessments: Due Dates.

The annual assessments provided for herein shall commence as to all Lots on the first day of the month following conveyance of the Common Properties and shall be payable in equal monthly installments, in advance, on the first day of each month thereafter. The first annual assessment shall be made for the balance of the calendar year in which it is levied. The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessments provided for in Section 4 hereof as the remaining number of months in that year bear to twelve. The first annual assessment shall be due and payable in as many equal installments as there are monthly payment dates remaining the first year, said installments to be due and payable on said monthly payment dates. The same pro rata reduction in the amount of the assessment shall apply to the first annual assessment levied against any Lot which is hereafter added to the Lots now subject to assessment at a time other than the beginning of any assessment period. The due date or dates, if it is to be paid in

installments, of any special assessment under Section 5 hereof or of any special individual assessment under Section 1 hereof, shall be fixed in the respective resolution authorizing such assessments.

Section 8. Duties of the Board of Directors with Respect to Assessments.

(a) The Board of Directors of the Association shall fix the amount of the assessment against each Lot at least thirty (30) days in advance of each annual assessment period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner.

(b) Written notice of the assessment shall thereupon be delivered or mailed to every Owner subject thereto.

© The Board of Directors shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer or agent of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. A reasonable charge may be made by the Board for the issuance of such certificates.

Section 9. Effect of Nonpayment of Assessments: The Personal Obligation of the Owner; the Lien; Remedies of Association.

(a) If any assessment or any part thereof is not paid on the date(s) when due (being the dates specified in Section 7 of this Article), then the unpaid amount of such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot of the nonpaying Owner which shall bind such Lot in the hands of the Owner, his heirs, executors, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them. The lien for unpaid assessments shall be unaffected by any sale or assignment of a Lot and shall continue in full force and effect. No Owner may waive or otherwise escape liability for the assessment provided herein by non-use of the Common Properties or abandonment of his Lot.

(b) If any assessment or part thereof is not paid within thirty (30) days after the delinquency date, the unpaid amount of such assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association may, at its election, bring an action at law against the Owner personally obligated to pay the same in order to enforce payment and/or to foreclose the lien against the Property subject thereto and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action and in the event a judgment is obtained such judgment shall include interest on the assessment as above provided and reasonable attorney's fees to be fixed by the court, together with the costs of the action.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate and inferior to the lien of any first mortgage or deed of trust now or hereafter placed upon a Lot subject to assessment if the mortgage or deed of trust is placed upon the Lot at a time when no default has occurred and is then continuing in the payment of any portion of the annual assessment for such Lot; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale, whether public or private, of such property pursuant to the terms and conditions of any such deed of trust. Such sale shall not relieve such Lots from liability for the amount of any assessments thereafter becoming due nor from the lien or any such subsequent assessment.

Section 11. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charge and lien created herein:

(a) All properties dedicated and accepted by the local public authority and devoted to public use.

(b) All Common Properties as defined in Article I hereof.

© All portions of the Properties and Lots owned by Declarant upon which there have not been constructed and completed single-family residential units.

Section 12. Omission of Assessments. The omission of the Board of Directors, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is filed.

ARTICLE V

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

Section 1. Powers and Duties. The Board, for the benefit of the Properties and the Owners, shall provide, and shall pay for out of the maintenance fund provided for in Section 1 of Article V above, the following:

(a) Assessments and charges for sewer, water and garbage pickup services for the Properties, installation and maintenance charges for street lighting for the Properties, and taxes, assessments and other charges which shall properly be assessed or charged against the Common Properties.

(b) Exterior maintenance on the Common Properties, which shall include (i) maintenance of driveways and sidewalks, (ii) maintenance of exterior grounds, including care of trees, shrubs and grass, jogging paths, lighting systems, and sprinkler systems (if installed) on the Common Properties and (iii) maintenance of the Wall, in the event the appropriate governmental authority refuses to maintain the same; PROVIDED FURTHER, that in the event that the need for maintenance or repair is caused through the willful or negligent act of any Owner, his family, or guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject.

© Care and preservation of the Common Properties and full maintenance of a utility service for the Common Properties; the furnishing and upkeep of any desired personal property for use in the Common Properties; and the maintenance and repair of any common television antenna system that may be installed for the Properties (whether owned entirely by the Association or otherwise).

(d) The services of a person or firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager.

(e) Legal and accounting services.

(f) A policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants), incident to the operation of the Association, in an amount not less than \$250,000.00 to indemnify against the claim of one person, \$500,000.00 against the claims of two or more persons in any one occurrence, and property damage insurance in an amount not less than \$100,000.00 per occurrence; which policy or policies shall contain an endorsement providing that the rights of the named insured shall not be prejudiced with respect to actions against other named insureds; provided, that under no circumstances shall the Board be authorized to provide or pay for fire, casualty or other insurance insuring the interest of any Owner in his Lot.

(g) Workmen's Compensation insurance to the extent necessary to comply with any applicable laws.

(h) Such fidelity bonds as may be required by the Bylaws or as the Board may determine to be advisable.

(i) Any other materials, supplies, insurance on Association-owned property, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of this Declaration.

The Board shall have the following additional rights, powers and duties:

(j) To execute all declarations of ownership for tax assessment purposes with regard to the Common Properties on behalf of all owners.

(k) Subject to the provisions of the Articles of Incorporation, to borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.

(l) To enter into contracts, maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association, expressly including the power to enter into management and maintenance contracts.

(m) To protect or defend the Common Properties from loss or damage by suit or otherwise, and to provide adequate reserves for replacements.

(n) To make reasonable rules and regulations for the operation of the Common Properties and amend them from time to time, provided that any rule or regulation may be amended or repealed by an instrument in writing signed by a majority of the Members, or, with respect to a rule applicable to less than all of the Properties, by the Members in the portions affected (without limiting the generality of the foregoing language, the rules and regulations may provide for limitations on use of the Common Properties during certain periods by youthful persons, visitors or otherwise).

(o) To make available to each Owner within sixty (60) days after the end of each year an annual report.

(p) To adjust the amount, collect, and use any insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property, to assess the Members in proportionate amounts to cover the deficiency.

(q) To enforce the provisions of this Declaration and any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.

Section 2. Board Power, Exclusive. The Board shall have the exclusive right to contract for all goods, services, and insurance, payment for which is to be made from the maintenance fund, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

Section 3. Owner's Obligations to Repair. Except for those portions of each Lot and the Properties which the Association is required to maintain or repair hereunder, each Owner shall, at his sole cost and expense, maintain and repair his Lot and the Improvements situated thereon, keeping the same in good condition and repair. In the event that any Owner shall fail to maintain and repair his Lot and such improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements erected thereon; and each Owner (by acceptance of a deed for his Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any assessment hereunder when due.

Section 4. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof (including, but not limited to, the maintenance and repair of fences owned by any such Owner), such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and to the best interest of the Association.

ARTICLE VI

USE OF LOTS AND COMMON PROPERTIES - PROTECTIVE COVENANTS

The Properties (and each Lot situated therein) and the Common Properties shall be occupied and used as follows:

Section 1. Residential Purposes Only. Each Lot shall be used exclusively for single family residential purposes, and garages, carports, and parking spaces shall be used exclusively for the parking of passenger automobiles, other than automobiles with racing stripes or numbers painted thereon and no planes, trailers, boats, campers, abandoned cars or trucks shall be parked or housed in garages, carports, and parking spaces except as otherwise provided in Section 11 of this Article.

Section 2. Obstructions, etc. There shall be no obstruction of the Common Properties, nor shall anything be kept or stored in the Common Properties, nor shall anything be altered, or constructed or planted in, or removed from, the Common Properties, without the written consent of the Board.

Section 3. Restricted Actions by Owners. No Owner shall permit anything to be done or kept on his Lot or in the Common Properties which will result in the cancellation of or increase of any insurance carried by the Association, or which would be in violation of any law. No waste shall be committed in the Common Properties.

Section 4. Signs. No sign of any kind shall be displayed to the public view on or from any part of the Properties, without the prior consent of the Board, except signs temporarily sued by Declarant in the development, sale or leasing of Lots.

Section 5. Nuisances. Nothing shall (i) be done in any part of the Properties, nor shall (ii) any noxious or offensive activity be carried on, nor shall (iii) any outside lighting or loudspeakers or other sound-producing devices be used, which, in the judgment of the Board, may be or become an unreasonable annoyance or nuisance to the other Owners.

Section 6. Attachments. No permanent attachments of any kind or character whatsoever (including, but not limited to, television and radio antennas) shall be made to the roof or walls of any home, unless such attachments shall have been first submitted to and approved by the Architectural control Committee hereinafter provided.

Section 7. Damage to the Common Properties. Each Owner shall be liable to the Association for any damage to the Common Properties caused by the negligence or willful misconduct of the Owner or his family, guests, or invitees, to the extent that the damage shall not be covered by insurance.

Section 8. Rules of the Board. All Owners and occupants shall abide by any rules and regulations adopted by the Board. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association for all damages and costs, including attorneys' fees.

Section 9. Animals. No animals, livestock or poultry shall be raised, bred or kept in any portion of the Property except that dogs, cats or other household pets may be kept, but not for any commercial purposes, provided that they do not create a nuisance.

Section 10. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Waste of any nature shall not be kept on any part of the Properties except in sanitary containers.

Section 11. Boats. Neither a motorboat, houseboat or other similar water-borne vehicle nor any "camper" vehicle may be maintained, stored or kept on any parcel of property covered by these covenants, except in areas specifically designated by the Board of Directors. Any vehicle or other item which may not be parked or housed in any garage, carport or parking space may be parked or housed in any area specifically designated by the Board of Directors for such purpose. The Board of Directors may prescribe fees for storing, parking or housing any vehicle, boat, or other item of personal property on any area specifically designated by the Board of Directors for such purpose.

ARTICLE VII

ARCHITECTURAL CONTROL

Anything contained in the foregoing Article VI of this Declaration to the contrary notwithstanding, no erection of buildings or exterior additions or alterations to any building situated upon the Properties nor erection of or changes or additions in fences, hedges, walls, and other structures, nor construction of any swimming pools or other improvements, shall be commenced, erected or maintained until (1) a preliminary sketch showing basic plan and general specifications of same shall have been submitted to and approved by an Architectural Control Committee (hereinafter called the "Committee") appointed by the Board of Directors of the Association, and (2) the final plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design, appearance, and location in relation to surrounding structures and topography by the Committee, or by the Board of Directors; provided, however, that the provisions of this Article VIII shall not apply to buildings, structures, additions and alterations commenced, erected or maintained by Declarant.

A copy of the approved plans and drawing shall be furnished by the Owner to the Committee and retained by the Committee. In the event the Committee, or the Board of Directors, fail to approve or disapprove such design and location within thirty (30) days after the said plans and specifications have been submitted to it, or, in any event, if no suit to enjoin the addition, alteration or change has been commenced prior to the completion thereof, approval will not be required and this Article will be deemed to have been fully complied with. Neither the members of the Committee nor the Board of Directors shall be entitled to compensation for, or liable for damages, claims or causes of actions arising out of, services performed pursuant of this Article.

ARTICLE VIII

EASEMENTS

Section 1. Utility Easements. Easements for installation, maintenance, repair and removal of utilities (including, but not limited to, sewer, water, telephone, power, gas, street lighting and television cables) and drainage facilities and floodway easements over, under and across the Properties are reserved by Declarant for itself, its

successors and assigns. Declarant shall have the right to grant easements for such purposes over, under and across the Properties. Full rights of ingress and egress shall be had by Declarant and its successors and assigns, at all times over the Properties for the installation, operation, maintenance, repair or removal of any utility together with the right to remove any obstruction that may be placed in such easement that would constitute interference with the use of such easement, or with the use, maintenance, operation or installation of such utility. Notwithstanding the foregoing, however, Declarant covenants that at any such time as the utilities referred to in this Section shall have been installed or otherwise located on the Properties, Declarant will by written instrument recorded in the Deed Records of Denton County, Texas define the exact location of each such easement and will release the remainder of the Properties from the provisions of this Section. Any such instrument when executed and filed of record by Declarant shall be effective to limit the location of the easement provided for therein in accordance with its terms and conditions, notwithstanding that the utility company affected may not have executed such instrument.

Section 2. Overhang Easements. Declarant hereby reserves for itself and each Owner an easement and right of overhang to overhang each Lot in the Properties with the roof of any home to be constructed on the Properties by Declarant as any such roof is originally constructed by Declarant, but not otherwise.

Section 3. Ingress and Egress by the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon each Lot for the maintenance and repair of each Lot in accordance with the provisions hereof, and for the carrying out by the Association of its functions, duty and obligations hereunder; provided, that any such entry by the Association upon any Lot shall be made with as minimum inconvenience to the Owner as practical, and any damage caused thereby shall be repaired by the Association at the expense of the maintenance fund.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Duration. The Covenants, Conditions and Restrictions of this Declaration shall run with and bind the land and subject to this Declaration, and shall inure to the benefit of and be enforceable by the Association and/or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of twenty (20) years from the date that this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the Members entitled to cast a majority of the votes of the Association has been recorded, agreeing to abolish said Covenants, Conditions, and Restrictions in whole or in part; provided, however, that no such agreements to change shall be effective unless made and recorded ninety (90) days in advance of the effective date of such change.

Section 2. Amendments. Except as provided in Section 1 of this Article and in Section 2(b) of Article II, the Covenants, Conditions and Restrictions of this Declaration may be abolished, amended and/or changed in whole or in part, only with the consent of a majority of the Class A Members and a majority of the Class B Members, if abolished, amended and/or changed during the first twenty (20) year period of this Declaration, and thereafter only with the consent of seventy-five percent (75%) of the Members, and in each case such amendment shall be evidenced by a document in writing bearing such of their signatures. All amendments, if any, shall be recorded in the office of the County Clerk of Denton County, Texas.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate them, or to recover damages, or to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in nowise affect any other provision which shall remain in full force and effect.

Section 5. Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

Section 6. Notices. Any notice required to be given to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly delivered when deposited in the United States mail, postage prepaid, addressed to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 7. Disputes. Matters of dispute or disagreement between Owners with respect to interpretation or application of the provisions of this Declaration or the Bylaws shall be determined by the Board of Directors, which determination shall be final and binding upon all Owners.

IN WITNESS WHEREOF, Delsanter & Associates, Inc., a Texas corporation, being the Declarant herein, has caused this instrument to be executed by its officer hereunto duly authorized, as of the day and year first above written.

RALDON CORPORATION

BY _____
JERRALD M. THOMAS,
Vice President

THE STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this day personally appeared JERRALD M. THOMAS, Vice President of RALDON CORPORATION, a Texas Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 2nd day of October 1985.

signed(Nicholas Knight)
Notary Public in and
for the State of Texas

My Commission Expires
11-17-85