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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CARTER RANCH
CITY OF CELINA,
COLLIN COUNTY, TEXAS**

August 29, 2003

After Recorded Return to:

13111 N. Central Expressway, #200
Dallas, Texas 75243

TABLE OF CONTENTS

ARTICLE 1 ESTABLISHMENT 1

Section 1.1 Establishment of Covenants, Conditions and Restrictions 1

Section 1.2 Definitions..... 1

ACC 1

Assessments..... 1

Association..... 1

Board 2

Builder..... 2

City..... 2

Common Area..... 2

Declarant..... 2

Design Guidelines..... 2

HUD 2

Lot..... 2

Managing Agent..... 2

Owner..... 2

Person..... 3

Phase..... 3

Plat..... 3

Residence..... 3

Structure 3

VA..... 3

Vehicle..... 3

ARTICLE 2 USE PROVISIONS 3

Section 2.1 Permitted Uses..... 3

Section 2.2 Prohibited Uses and Activities 4

ARTICLE 3 CONSTRUCTION PROVISIONS 5

Section 3.1 Plan Approval Required..... 5

Section 3.2 Establishment of ACC 5

Section 3.3 Approval Process 6

Section 3.4 Specific Construction Provisions 7

Section 3.5 Construction Materials..... 9

Section 3.6 Height Restrictions 9

Section 3.7 Roof Restrictions 9

Section 3.8 Construction Period and Process 9

Section 3.9 Declarant Rights..... 9

ARTICLE 4 MAINTENANCE PROVISIONS 10

Section 4.1 Owner's Obligation to Maintain..... 10

Section 4.2 Damaged Improvements 10

Section 4.3 Declarant/Association Right to Perform..... 10

Section 4.4 Easement Maintenance..... 10

5499 008020

ARTICLE 5 <u>OWNER'S ASSOCIATION</u>	11
Section 5.1 Establishment.....	11
Section 5.2 Voting Power	11
Section 5.3 Officers.....	13
Section 5.4 Dissolution.....	13
ARTICLE 6 <u>ASSESSMENTS</u>	13
Section 6.1 Power to Establish Assessments	13
Section 6.2 Commencement of Assessments.....	13
Section 6.3 Regular Annual Maintenance Assessments.....	13
Section 6.4 Special Assessments	14
Section 6.5 Liability for and Enforcement of Assessments	14
Section 6.6 Working Capital Fund.....	16
ARTICLE 7 <u>COMMON AREA</u>	16
Section 7.1 Right to Use Common Areas.....	16
Section 7.2 Specific Facilities.....	16
Section 7.3 Maintenance of Common Areas.....	17
Section 7.4 Risk of Loss - Use of Common Areas	17
Section 7.5 Conveyance of Common Area to Association.....	17
ARTICLE 8 <u>SPECIFIC DECLARANT RIGHTS</u>	17
Section 8.1 Rights to Annex.....	17
Section 8.2 No Duty to Annex	17
Section 8.3 Effect of Annexation on Class B Membership	17
Section 8.4 Specific Declarant Rights to Amend Declaration.....	17
Section 8.5 Easement/Access Right	18
Section 8.6 Assignment of Declarant Rights	18
Section 8.7 Declarant's Right to Install Other Improvements in Setback and Other Areas.....	18
Section 8.8 Replatting or Modification of Plat.....	18
Section 8.9 Limitation of Declarant Liability.....	19
Section 8.10 Termination of Declarant's Responsibilities.....	19
ARTICLE 9 <u>MISCELLANEOUS PROVISIONS</u>	20
Section 9.1 Term and Renewal.....	20
Section 9.2 Enforcement.....	20
Section 9.3 General Easement for Encroachments, Access, Maintenance and Utilities.....	20
Section 9.4 Amendment of Declaration.....	20
Section 9.5 City Provisions.....	20
Section 9.6 FHAVA Approval	20
Section 9.7 Notices	21
Section 9.8 Indemnification	21
Section 9.9 Severability	21
Section 9.10 Acceptance by Owners of Rights and Obligations	21
Section 9.11 Disclosure by Declarant.....	21
Section 9.12 Arbitration of Disputes Involving Declarant.....	21

5499 008021

LIST OF DEFINED TERMS

ACC.....	1
Assessment Lien.....	14
Assessments.....	1
Association.....	1
Board.....	2
Builder.....	2
City.....	2
Common Area.....	2
Covenants.....	1
Declarant.....	2
Design Guidelines.....	2
Declaration.....	1
HUD.....	2
Lot.....	2
Maintenance Assessment.....	14
Managing Agent.....	2
Owner.....	2
Person.....	3
Phase.....	3
Plat.....	3
Property.....	1
Residence.....	3
Street.....	3
Special Assessments.....	14
Structure.....	3
VA.....	3
Vehicle.....	3

5499 008022

EXHIBITS

Exhibit A	Legal Description.....	27
Exhibit B	Mailbox Exhibit.....	30
Exhibit C	Plats.....	31
Exhibit D	Articles of Incorporation.....	32
Exhibit E	Bylaws.....	35
Exhibit F-1	Disclosure.....	46
Exhibit F-2	Budget.....	48
Exhibit F-3	Budget Narrative.....	50

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5499 008023

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CARTER RANCH

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

KNOW BY ALL THESE PRESENT.

This Declaration (herein so called) is executed effective as of July 15, 2003 by ONE CARTER RANCH, L.P.

RECITALS:

A. One Carter Ranch, L.P. is the owner of the real property in Collin County, Texas described on Exhibit A attached hereto, which Declarant is developing as an addition to the City of Celina to be known as Carter Ranch (the "**Property**").

B. Declarant desires to establish a planned residential community of single family detached homes on the Property and, accordingly, has executed this Declaration to impose the covenants, conditions, restrictions, and easements herein described upon the Property.

**ARTICLE 1
ESTABLISHMENT**

Section 1.1 Establishment of Covenants, Conditions and Restrictions. Declarant hereby imposes upon the Property the covenants, conditions, restrictions, liens and easements set forth in this Declaration (the "**Covenants**") for the purposes of establishing a general scheme for development of the Property, enhancing the value of the Lots and Residences (defined below), and establishing restrictions for residential use for the benefit of Declarant and the Owners (defined below). Declarant does not guarantee that all of these purposes will be accomplished through the creation and imposition of the Covenants. The Covenants touch and concern title to the Property, run with the land and shall be binding upon all persons hereafter acquiring any portion of the Property.

Section 1.2 Definitions. The terms set forth below shall have indicated meanings when used in this Declaration; other terms are defined elsewhere herein and shall have the meaning given to them in this Declaration.

"**ACC**" means the architectural control committee established pursuant to this Declaration.

"**Assessments**" means the Maintenance Assessments and Special Assessments provided for in Article 6.

"**Association**" means the Celina Carter Ranch Homeowners' Association, Inc., a Texas non-profit corporation, or such other homeowners' association name selected and available at the time of formation and established as provided in this Declaration.

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"Board" means the Board of Directors of the Association.

"Builder" means any homebuilder constructing the initial Residence upon a Lot in the normal course of conducting its business for profit.

"City" means the City of Celina, Texas.

"Common Area" means those portions of the Property as described in or on the Plat that do not constitute Lots, Streets, roads, or alleys. Accordingly, the Common Area means those portions of the Property designated as such on the Plat including any recreational centers or similar areas. The Common Area also includes: (i) any areas within the Property owned by the City, the Association, or any other governmental entity, but which are required to be maintained by the Association; (ii) any landscape, wall maintenance, pedestrian access or maintenance easements reflected on the Plat, required by the City or recorded by separate instrument; and (iii) those areas, if any, which are owned by an Owner, but on which are located monuments, signs, fences, landscaping, berms, sidewalks, irrigation systems or other improvements that may be maintained by the City or the Association. The Common Area shall also include all improvements on or to any portion of any of the areas described in the preceding sentence. Declarant shall at all times have and retain the right, but without obligation whatsoever, to effect minor redesigns or reconfigurations of the Common Area and to execute any open space declarations applicable to the Common Area which may be permitted in order to reduce property taxes, and to take whatever steps as may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.

"Declarant" shall be ONE CARTER RANCH, L.P. who by this instrument is authorized to exercise all of the rights of the Declarant in this Declaration; or any other person or entity who is designated as a successor Declarant in writing pursuant to the provisions of this Declaration

"Design Guidelines" shall mean and refer to those particular standards, restrictions, guidelines, recommendations and specifications applicable to all aspects of construction, placement, location, alteration, maintenance and design of any improvements within the Property, and all amendments, modifications, supplements and interpretations thereof, which may be established pursuant to section 3.3(d).

"HUD" means the U.S. Department of Housing and Urban Development.

"Lot" means any of the individual platted building lots reflected, or to be reflected, on the Plat that are to be used for residential purposes as herein described.

"Managing Agent" means any Person who has been engaged and designated by the Board to manage the daily affairs and operations of the Association.

"Owner" means any Person owning fee title to any Lot, but excluding any mortgagee or beneficiary under a deed of trust until such time as it acquires legal title to a Lot.

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"Person" means any individual, corporation, limited liability company, partnership or other entity of any kind or types whatsoever.

"Phase" means a particular phase developed upon the Property. Declarant may impose, as provided in Section 3.3(d), additional or different restrictions on each Phase. If Declarant annexes additional property into the Property as provided in Section 3.1, it may designate the area annexed as a particular Phase, and may impose, as provided in Section 3.3(d), additional or different restrictions on such area.

"Plat" means (i) initially, the Preliminary Plat, and thereafter the Final Plat, for any Phase of the Property submitted to and approved by the City, or any other applicable governmental entity; (ii) after the recording thereof, the final Plat for any Phase of the Property as recorded in the Records of Collin County, Texas; and, (iii) any replat of, or amendment to, the foregoing made by Declarant in accordance with this Declaration. The term "Plat" shall also include the final recorded plat of any additional property annexed into the Property pursuant to Section 3.1.

"Residence" means a single family detached residence constructed upon a Lot in conformance with this Declaration.

"Street" means any paved road, but not alleys, that is typically within a fifty foot (50') or sixty foot (60') right-of-way and serves the front of a Lot upon which a Residence is constructed.

"Structure" means any structure (other than a Residence), fence, driveway, sidewalk, planting, landscaping, irrigation system, wall, tennis court, swimming pool, outbuilding, playground equipment, or other improvement of any kind or type.

"VA" means the U.S. Department of Veterans Affairs.

"Vehicle" means any vehicle of any kind or type whatsoever, including any automobile, truck, motorcycle, boat, mobile home, motor home, boat trailer, or other kind of trailer.

ARTICLE 2 **USE PROVISIONS**

Section 2.1 Permitted Uses.

(a) **Lots Limited to Residential Use.** Except as otherwise provided in this Declaration, Lots shall be used only for single family, private residential purposes and activities reasonably related thereto. Additional uses for purposes such as schools, churches, or similar activities may be permitted within the Property, provided such use has received the prior written approval from the Board of the Association or the Declarant (but only so long as the Class B membership status exists).

(b) **Common Area Uses.** The Common Area designated as the Tract A-1, E-1, W-1, and DD-1 on the Plat shall be used only for recreational and other similar purposes as approved by the Declarant or the Association. The Common Area consisting of landscaping, maintenance, wall maintenance easements, or similar areas shall be used for such purposes or similar purposes as approved by the Declarant, but only so long as the Class B membership status exists, or the Board of the Association.

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(c) **Sales Offices and Similar Uses.** Declarant may maintain one or more signs, sales offices, or trailers on Lots for the purpose of facilitating sales of Residences on the Property. Declarant or the ACC may also grant the right to maintain construction trailers on the Lots and to use Lots for signage, sales offices, and similar purposes to other Persons constructing Residences on the Property by written designation.

Section 2.2 Prohibited Uses and Activities.

(a) **No Further Subdivision.** No Lot may be further subdivided without the written consent of the Declarant or the ACC. Lots may be combined for the purpose of constructing a single residence on more than one Lot only upon written approval of the Declarant or the ACC. Without regard to any such permitted subdivision or combination, the Lots involved shall continue to be treated as single individual Lots hereunder for all other purposes, including voting in the Association and assessing and collecting Assessments.

(b) **Parking and Vehicle Restrictions.** All Vehicles shall be parked, stored or placed so as not to be visible from any Street or from ground level view from an adjoining Lot, except for temporary parking in the driveway constructed on a Lot. On-Street parking shall be limited to temporary parking of guests or invitees of Owners during parties, delivery of services, and similar limited (no more than twelve (12) hours) time periods. Trucks with tonnage in excess of one ton and Vehicles with signage or advertising displays shall not be permitted to park overnight on the Streets, driveways, or other areas within the Property. No Vehicle that transports inflammatory or explosive cargo may be parked or stored within the Property. No inoperative or unlicensed Vehicles may be parked or stored, other than in an enclosed garage, within the Property. All work on Vehicles (other than routine maintenance) shall be performed only in an enclosed garage. The foregoing provisions shall not restrict the parking of trucks and other Vehicles as necessary in connection with construction of Residences or other Structures on Lots.

(c) **Specific Use Restrictions.** The Property is restricted solely to residential and related uses; accordingly, no industrial, business, commercial, professional, manufacturing, mineral or other similar use shall be permitted on any part of the Property. This Section shall not be construed so as to prohibit the conduct of a reasonable amount of in-home work, such as computer work or similar activities, provided that such work or activity does not involve the parking of Vehicles of employees, consultants, or other parties other than the occupants of the Residences in question, and does not involve the delivery or pick-up of any materials or services. Unless expressly permitted by the Declarant or the Board of the Association, no church may be maintained on the Property.

(d) **Pet and Animal Restrictions.** Only regular household pets such as cats and dogs shall be permitted on the Property and then only for personal use and not for any business use such as breeding, kennel operations and the like. No other animals shall be permitted to be maintained upon the Property, including the following: cows, horses, bees, hogs, sheep, goats, poultry, or skunks. No more than four (4) domesticated household pets are permitted in any Residence. All pets shall be kept within the fenced-in area of an Owner's Lot and shall not be permitted to run free through the Property.

(e) **Outdoor Burning Restrictions.** Outdoor burning of trash, leaves, and other items is prohibited. This restriction shall not be construed as prohibiting outdoor cooking on barbecue grills in connection with use of a Residence.

(f) **Trash/Garbage Disposal.** Trash, garbage and other waste shall at all times be kept in clean, well maintained, sanitary containers for regular scheduled pickup for removal of such items. Trash, garbage or other waste shall not be dumped on the ground of any Lot or in any Common Area.

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(g) **Occupancy.** Each Lot shall be improved with a single family detached Residence. No Person shall occupy any garage or other outbuilding at any time.

(h) **Projections from Structures.** Window air conditioning units and other similar projections are prohibited. Any projection through the roof of any structure on the Property shall require the prior written approval of the Declarant or the ACC.

(i) **Private Water/Sewer Systems.** Each Residence shall be connected to the City water and sanitary sewer system, and no private water well or water, sanitary or storm sewer system is permitted within the Property unless the Declarant constructs it. If Declarant uses private drainage easements in areas that necessitate or contain a private sub-surface storm sewer drainage system, then such sewer lines are to be kept freely running and unobstructed at all times. If the lines become obstructed, all parties that benefit from their function shall be required to equally and promptly share in the cost of repair or replacement of the lines.

(j) **Changes in Grade.** Except for such changes as are reasonably necessary to facilitate construction of a Residence on a Lot, no Owner shall change the grade of any Lot except in compliance with all applicable laws. After Declarant has developed the Lots, the general grading, slope and drainage plan of a Lot may not be altered, and no dams, berms, channels or swales may be constructed or excavated without the prior written approval of Declarant (or the ACC), the City (if applicable) and other appropriate agencies having authority to grant such approval.

(k) **Visible Activities - Outdoors.** Outdoor drying of clothes is prohibited. Lawn mowers, rakes, carts, and other yard equipment shall be stored from view from adjoining Lots and Streets when not in use.

(l) **General Restriction - Nuisances.** In general, no condition shall be allowed to exist on a Lot which, by sight or smell (as determined exclusively by the ACC), shall constitute a public or private nuisance or unreasonably disturbs any other Owner in the use and enjoyment of its Lot or the Common Area.

ARTICLE 3 CONSTRUCTION PROVISIONS

Section 3.1 Plan Approval Required. No Residence or Structure shall be constructed, placed, or installed within the Property until the plans therefor have been approved in writing by the ACC or Declarant as provided in this Article 3.

Section 3.2 Establishment of ACC.

(a) **Initial Appointment.** The ACC shall consist of three (3) members; the initial members of the ACC shall be appointed by the Declarant.

(b) **Term and Subsequent Appointments.** The members of the ACC shall serve until they resign or are removed by the party appointing them to the ACC (which the appointing party may do at any time). Subsequent appointments to the ACC shall be made by the Declarant until such time as the Declarant either relinquishes such power by written notice to the Board, or the Declarant no longer owns any Lot; thereafter appointments to and removals from the ACC shall be made by the Board. The ACC or Declarant may engage the services of a third party to review plans and specifications pursuant to this Article.

(c) **Compensation; Fee for Review.** No member of the ACC shall be entitled to compensation for its services. The ACC may impose a reasonable charge for reviewing plans.

Section 3.3 Approval Process.

(a) **Submission of Plans.** Any party wishing to construct a Residence or any Structure on the Property shall submit two (2) copies of complete plans and specifications therefor to the ACC for its approval prior to commencing construction. Such plans and specifications shall include engineering information, landscaping description, and construction plans showing the location and elevations of the proposed Residence or Structure and the materials to be used in constructing the same, all in sufficient detail to enable the ACC to evaluate the proposed Structure or Residence. The ACC may request additional information, including samples of proposed materials to aid it in its decision process. After receipt of a complete set of plans and specifications, the ACC shall promptly review the same and notify the Person submitting whether it approves the plans or whether it requires changes thereto. Alternately, the ACC may disapprove a set of plans by so noting thereon and returning it to the Person submitting, accompanied by a statement of the reasons for disapproval. No construction shall be commenced on any portion of the Property unless and until the plans for the Residence or Structure in question have been approved in writing by the ACC or Declarant.

(b) **Time for Review/Approval.** The ACC shall approve or disapprove all plans submitted for construction within thirty (30) days after the date it receives a complete set of plans and specifications therefor; if the ACC fails to specifically approve or disapprove of any plans within such thirty (30) day period, then the ACC shall be deemed to have approved the plans submitted. Under no circumstances shall the ACC's failure to respond within the thirty (30) day period constitute deemed approval of, or the granting of a variance for any aspect of construction, use of materials, or location of improvements, which would otherwise constitute a violation of the Covenants or the Design Guidelines.

(c) **Review Standards.** The ACC, in reviewing and approving plans for construction of Structures or Residences, shall use commercially reasonable efforts to promote and ensure a high level of taste, design quality, aesthetic harmony, and conformity throughout the Property, consistent with the standards established by this Declaration and any Design Guidelines.

(d) **Design Guidelines/Building Standards.** The Declarant or the ACC may but is not required to, from time to time, establish specific guidelines and building standards to assist Persons in determining the type of Structures and Residences, which may be constructed on the Property. Pursuant to Section 8.1, Declarant may annex additional Property to become a portion of the Property, and may develop the overall Property in various Phases. Declarant may establish differing restrictions, guidelines and building standards for each such Phase of the Property, which may impose more restrictive or less onerous building standards with respect to a particular Phase. The ACC or Declarant may amend or modify such guidelines or standards from time to time in its sole discretion. Such guidelines or standards shall supplement this Declaration and be general guides to permitted construction within the Property, but shall not diminish the authority of the ACC and Declarant to approve plans as otherwise herein provided.

(e) **Failure to Obtain Approval.** The construction, repair, replacement, installation, or placement of any Structure or improvement of any type on a Lot without the prior written approval from the ACC shall constitute grounds for the imposition by the ACC or the Association of an automatic fine against the Owner of said Lot not to exceed Five Hundred and No/100 Dollars (\$500.00). A fine levied under this Section shall be charged to the Owner's assessment account, payable upon demand and secured by the lien created in Article 6.

(f) **Limitation of Liability.** Neither the Declarant, its officers, directors, partners, agents, employees, representatives, parent or subsidiaries, nor the Association,

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the Board, or the ACC, including any of its respective members, shall be liable to any Person for any official act of the ACC in connection with submitted plans and specifications. Notwithstanding any approval by the Declarant or the ACC, neither the Declarant nor the ACC shall be responsible or liable to any Person with respect to any loss, liability, claim or expense which may arise by reason of such approval or the construction of a Residence or Structure related thereto. Neither the Declarant, the Association, the Board nor the ACC shall be responsible in any way for any defects in any plans or specifications submitted, reviewed or approved in accordance with the provisions of this Declaration, nor for any structural or other defects in any work done according to such plans or specifications. No approval of any plans by either the ACC or the Declarant shall be construed to mean that the plans comply with any applicable law, building code, or governmental regulation, it being the responsibility of the Person submitting any plans to assure compliance with all applicable laws. Conversely, the issuance of a building permit or any approval from any governmental authority shall not, under any circumstance, constitute any evidence that construction of a Residence or a Structure complies with the terms and conditions contained in this Declaration or any Design Guidelines. Declarant and members of the ACC shall have no liability for decisions made by them regarding the approval or disapproval of plans, so long as the decisions are made in good faith and are not discriminatory, arbitrary, or capricious.

Section 3.4 Specific Construction Provisions.

(a) **Setbacks.** All Residences and other Structures shall be constructed in conformity with the setback requirements of the City and the building lines reflected on the Plat.

(b) **Structure Size and Type.** Each Residence shall have the minimum number of square feet of enclosed air-conditioned area as set forth by the City in the applicable zoning ordinance. Each Residence shall be of new construction on a Lot and no mobile homes or manufactured housing shall be permitted on the Property except on a temporary basis in connection with construction or sales activities.

(c) **Garage Requirements.** Each Residence shall have at least a two car attached garage constructed as a part thereof.

(d) **Drive/Walkway Requirements.** All driveways and sidewalks shall conform to applicable City and other governmental specifications and regulations.

(e) **Ancillary Structure Provisions.** All ancillary Structures (as described below) shall conform to the requirements of this Section:

(1) **Antennae/Satellite Dishes.** The erection, construction, placement or installation of any television, radio, or other electronic tower, serial, antenna, satellite dish or device of any type for the reception or transmission of radio or television broadcasts or for any means of communication upon a Lot or upon any improvement thereon is prohibited except as provided for herein. This prohibition shall not apply to those antennae specifically covered by 47 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision) promulgated pursuant to the Telecommunications Act of 1996, as amended from time to time. The ACC or the Declarant shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. All television antennas and other antennas and aerials shall be located inside the attic of the residence constructed on the Lot. Amateur radio towers and antennas (whether for reception or transmission) are specifically prohibited. No exterior television, radio or

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other antenna of any type shall be placed, allowed or maintained upon any Lot, Residence, or Structure without prior written approval and authorization of the ACC.

(2) **Fences and Walls.** All wooden fences and walls (excluding retaining walls described in (6) below) shall be at least six feet (6') in height and shall have a maximum height of eight feet (8'), and shall be located in an area and constructed of materials in accordance with the provisions therefor contained in any Design Guidelines. The lots that adjoin to the area known as the "Open Space Tract W-1" on the Plat, will have a four-foot (4') wrought iron fence on the property lines that adjoin to the tract. Included in, but not limited to and subject to future change, lots currently subject to wrought iron fencing are: Lots 1-17, 19-27, 33-40, and 47-51 of Block W; Lots 30-32, 37 and 38 of Block Z. No fence or wall may be constructed, repaired, rebuilt, or relocated if it impedes or obstructs drainage. Prior written approval from the ACC is required for any construction, placement or repair of fences or walls on any Lot.

(3) **Outbuildings.** Outbuildings shall not extend above the fence such that they are visible from any public street, alley or adjacent lot when standing at ground level. The location, installation and screening of an outbuilding requires, without exception, the prior written approval from the ACC.

(4) **Trash Containers.** All trash containers shall be screened from view from Streets.

(5) **Hedges.** Hedges shall be maintained at a height that is in conformity with the height of fences and walls. No hedge shall be maintained in a manner that obstructs any sidewalk or the visibility of intersections of Streets and/or alleys.

(6) **Retaining Walls.** Retaining walls, other than those constructed by the Declarant, require prior written approval by the ACC to ensure conformity with the requirements contained in any Design Guidelines with respect to location, construction, and materials. Except for those built by Declarant or its affiliates, any retaining walls which generally face an alley or are either between Residences or along or adjacent to the side or rear property lines of Lots shall be constructed of masonry materials unless the ACC has otherwise provided prior written approval. Except for those built by Declarant or its affiliates, any retaining walls which generally face a Street or are along or adjacent to the front property lines of Lots shall be constructed of masonry materials unless the ACC has otherwise provided prior written approval.

(7) **Mailboxes.** Mailboxes shall be of a design and constructed of materials approved by the ACC and shall conform to the standard attached hereto as Exhibit B, United States Postal Service regulations and any Design Guidelines.

(8) **Tennis Court/Swimming Pool/Recreational Facilities.** A tennis court, swimming pool, and/or recreational facilities may be constructed within any Lot provided the plans therefor are approved by the ACC prior to commencement of construction to ensure compliance with the requirements contained in any Design Guidelines with respect to location and screening. Above ground pools are prohibited.

(9) **Signage.** Except for Declarant's signs, no signage may be maintained on any Lot other than signs which do not exceed 6 sq. ft., of tasteful design which advertise a Lot or Residence for sale or rent. Political signage is allowed so long as it strictly complies with the conditions set forth in any Design Guidelines as to number, location, when such signs are allowed prior to the election and the time period after the election upon which the signs shall be removed. Spirit

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signs (announcing the involvement of teenagers in athletics or school programs) shall only be allowed if provided for and in strict compliance with any Design Guidelines. Such advertising and spirit signs shall be subject to approval of the ACC. All signs must be professionally produced and manufactured. Each Owner hereby grants permission to the ACC (or its duly authorized agents) to enter upon a Lot or any part of the Property and remove any sign, billboard or advertising structure that does not comply with the above requirements and, in doing so, shall not be subject to any liability to any Person whatsoever for trespass, conversion, or any claim for damages in connection with such removal. The ACC's cost to remove any sign shall be added to the Owner's assessment account, be payable upon demand and secured by the lien created in Article 6.

(f) **Irrigation & Sod.** All front, rear, and side yards must be fully irrigated and sodded by the Builder before the Residence is occupied.

Section 3.5 Construction Materials. All construction materials shall conform to the following provisions:

(a) **Exterior Materials.** All exterior construction materials shall be subject to approval by the ACC in accordance with the provisions therefor in any Design Guidelines as to aesthetic appearance and shall conform to any and all City ordinances.

(b) **Roof Materials.** Minimum 25 year warranty shingle or equivalent is required. Color of shingles to be weatherwood or similar color. All roofing materials must be fireproof and conform to City requirements, and are subject to ACC approval.

Section 3.6 Height Restrictions. All Structures shall conform to the height restrictions of the City.

Section 3.7 Roof Restrictions. All roofs shall have at least a 6:12 pitch on the main structure and on garage structures unless otherwise approved by the ACC.

Section 3.8 Construction Period and Process. Construction of any Residence shall be pursued with all due diligence and, in any event, shall be completed within nine (9) months after commencement. Construction of any other Structure shall be completed within the time periods specified in the plan approval process. All areas under construction shall be maintained in a clean, safe condition, and debris, trash, and rubble shall be stored in appropriate containers and promptly removed from the Property.

(a) **Landscaping.** All Lots shall be appropriately landscaped, including planting of grass and other plants in conformity with any Design Guidelines and other improvements on the Property. In addition to complying with City requirements, all Lots with a Residence thereon shall include at least 1 tree with 3" caliper in the area of the Lot between the front property line and the front building line.

(b) **Right to Waive or Modify Specific Instruction Provisions.** The ACC shall have the right, in its discretion, to grant reasonable waivers of the construction provisions set forth in this Declaration, and any such waiver shall not entitle any other person to a similar waiver.

Section 3.9 Declarant Rights. So long as Declarant owns any Lot, Declarant may exercise any of the rights of the ACC under this Article 3.

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ARTICLE 4
MAINTENANCE PROVISIONS

Section 4.1 Owner's Obligation to Maintain. Each Owner shall maintain its Lot and the Residence and other Structures thereon in a clean, first class condition. Each Owner shall regularly mow grass and maintain the landscaping on its Lot in good condition at all times. Each Owner shall maintain the exterior of all Residences and Structures in good condition and shall make such repairs and replacements as necessary to maintain good order and the aesthetic harmony of the Property.

Section 4.2 Damaged Improvements. If any Residence or Structure is damaged in any way, the Owner shall immediately repair such damage or, in the case of substantial damage when the Owner does not wish to rebuild, raze the damaged Structure or Residence and remove the same and leave the surface of the Lot in good order.

Section 4.3 Declarant/Association Right to Perform. If any Owner fails to maintain the condition of its Lot, the landscaping thereon, including the prompt removal of deceased trees and shrubs, or the Residence or other Structures thereon as contemplated by this Article 4 and fails to take action to correct such defect within ten (10) days after the the Declarant, or the Association has furnished written notice thereof to such Owner, then the Owner of such Lot hereby grants permission to the Declarant, or Association (or its duly authorized agents) to enter upon such Lot and perform those duties which the Owner failed to perform without liability whatsoever to such Owner or any Person for trespass, conversion, or any claim for damages. The cost of performing such duties shall be added to the Owner's assessment account and shall bear interest at the rate of eighteen percent (18%) per annum (but not in excess of the lawful maximum rate), be payable upon demand, and shall be secured by the lien provided for in Article 6.

Section 4.4 Easement Maintenance. (a) Each Owner grants to the City, the Association, the Board, and the Declarant the right to access, repair, and maintain all facilities and improvements within any wall, entry, fence, landscape, or other similar easement as recorded on any Plat (including, but not limited to, any Plat attached hereto as Exhibit C), especially, without limitation to, the following Lots: Lots 1-18 and 33-68 of Blk A; and Lots 1-11 of Blk B; Lots 1-14 of Blk N; Lots 1-6 of Blk Q; Lots 1-4 & 25-33 of Blk R; Lots 1-8 of Blk T; and Lots 41-43 of Blk Z. See Exhibit G. By acquisition of a Lot, each Owner hereby grants, creates and conveys unto the Association, the other adjacent Owners and the Declarant a perpetual Drainage Easement (herein so called) over, through, under and across the Owner's Lot for the purpose of permitting runoff and/or storm water to drain from other adjacent Lots over, through, under and across the Owner's Lot(s). Without limiting the foregoing, in order to facilitate drainage from the Property subject to the Declaration over, through, under and across the Owner's Lot, each Owner hereby agrees that the Declarant or the Association, as the case may be, shall have the right to enter onto the Owner's Lot at any time to (i) prevent possible interference with the Drainage Easement and to remove possible hazards from the Drainage Easement area, (ii) prevent the construction or placement of any building, structure or other obstruction within the Drainage Easement area which may endanger or interfere with the efficient and convenient use of the Drainage Easement, (iii) grade, improve, construct, reconstruct, repair and perpetually maintain swales within the Drainage Easement area, and (iv) or regrade portions of the Drainage Easement area necessary or appropriate to permit drainage as generally described herein

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or as approved or required by appropriate governmental authorities especially and without limitation to, the following Lots: Lots 32 & 33 of Block A; Lots 5-8 of Block M; Lots 13-20 of Block P; Lots 24 & 25 of Block R and Lots 38 & 39 of Block Z. Notwithstanding any of the foregoing rights of the Association or the Declarant, each Owner hereby agrees to maintain the Drainage Easement area at such Owner's sole cost and expense. If any structures or other obstructions are constructed, created or placed by any Owner within the Drainage Easement area without the prior written consent of the Board or the Declarant, the Declarant or the Association shall have the right to remove such structure or obstruction at the sole cost of such Owner. The cost to remove the structure or the obstruction shall be charged to the Owner's assessment account, be payable on demand, and shall be secured by the lien provided for in Article 6.

(b) A twenty-foot (20') access and maintenance easement exists on various Lots throughout the Phases, including but not limited to the following Lots: Lot 1 of Block B; Lots 1 & 18 of Blocks C, F, K, and J; Lot 14 of Block N; Lot 1 Block Q; Lots 17, 18, & 33 of Block R; Lots 1 & 17 of Block S; Lots 1 & 19 of Block U; Lots 1, 29, 30, 44, & 45 of Block W, Lots 1, 18, 19, & 33 of Block AA; Lots 1, 15, 16, & 30 of Block BB; and Lots 1, 15, 16, & 30 of Block CC. See Exhibit G. This easement will contain all or a portion of an oversized sidewalk. Each Owner of a Lot that contains the 20' access and maintenance easement shall maintain the irrigation and landscaping contained within the easement area at such Owners sole cost and expense. Notwithstanding anything contained herein, the Association has the right, but not the obligation, to maintain this area and to install additional landscaping at it's sole discretion. See Exhibit H.

ARTICLE 5 OWNER'S ASSOCIATION

Section 5.1 Establishment. The Association has heretofore been or will hereafter be created as a Texas non-profit corporation. Each Owner of a Lot shall be a member in the Association and such membership is appurtenant to and shall not be separated from ownership of a Lot. Upon the transfer of a Lot, the new Owner shall automatically become a member of the Association. The term of existence of the Association and other matters pertaining to its operation are set forth in its Articles of Incorporation (attached hereto as Exhibit D) and the By-Laws (attached hereto as Exhibit E). The Association is established to enforce this Declaration and the Covenants, to promote the interests of the Owners as residents of the Property, and to enhance the value of the Lots as a part of a harmonious, high quality, residential subdivision.

Section 5.2 Voting Power. The Association shall have two classes of voting membership as follows:

(a) **Class A.** The Class A Member shall be all Owners other than Declarant and shall be entitled to one vote for each Lot owned. If more than one person owns an interest in a Lot, they shall combine their vote in such way as they see fit, but there shall be no fractional votes, and no more than one vote with respect to any Lot.

(b) **Class B.** The Class B Member shall be the Declarant who shall be entitled to fifteen (15) votes for each Lot owned by Declarant. Subject to the conditions set forth in the remainder of this paragraph, the Class B membership shall be converted to Class A membership upon the earlier of (i) the total votes outstanding in the Class A membership equaling the total votes outstanding in the Class B membership, (ii) January 1, 2013, or (iii) the recording in the Records of Collin County, Texas of a notice signed by

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Declarant terminating the Class B membership. In determining the number of Lots owned by Declarant for the purpose of Class B membership status hereunder, the total number of Lots covered by this Declaration, including all Lots annexed thereto in accordance with Section 8.1 herein, shall be considered. In the event the Class B membership has previously lapsed as provided in (i) above, but annexation of additional property restores the ratio of Lots owned by Declarant to the number required for Class B membership status, such Class B membership shall be reinstated until it expires pursuant to the terms hereof.

(c) **Board of Directors Election.** The Board shall be elected as provided in the articles and bylaws of the Association. The Board shall act by majority vote as provided in the bylaws.

(d) **Specific Powers of Board.** Without limiting the authority granted to a board of directors under the Texas Non-Profit Corporation Act, the Board shall have the following specific powers on behalf of the Association:

- (1) to enforce the provisions of this Declaration;
- (2) to enter into contracts;
- (3) to retain third parties, as necessary, to assist the Board in carrying on the Association's activities, including engineers, accountants, lawyers, architects, land planners, professional management, and other consultants;
- (4) to take such action as necessary to maintain the Common Area in good order and condition;
- (5) to acquire property, services and materials to carry out its duties;
- (6) to purchase insurance covering potential liability for use of the Common Area and for other risks;
- (7) to borrow money for Association purposes;
- (8) to initiate and defend litigation, arbitration and other similar proceedings;
- (9) to promulgate reasonable rules and regulations for access to and use of Common Areas and governance of the Association, as well as a policy establishing a schedule and procedures by which the Board may assess fines against Owners or invoke self-help remedies for violations of the Covenants, the By-Laws, rules and regulations or any Design Guidelines;
- (10) to establish and collect reasonable fees for the use of any recreational facilities on the Common Area; and
- (11) to establish and collect a reasonable fee for copying and furnishing copies of the Association's governing documents and furnishing a Resale Certificate as required by law. This function and the authority to collect and receive such fees may be delegated or assigned by the Board to the Association's Managing Agent.
- (12) to enforce any provision of the Declaration, the By-laws, the Design Guidelines, or the rules and regulations of the Association through self-help procedures, after prior written notice to the Owner of the Lot at issue, or by suit at law or in equity to enjoin any violation or to recover monetary damages or both or an action to foreclose the lien against any Lot without the necessity or compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees and expenses actually incurred.

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Section 5.3 Officers. The Association will have such officers as are set forth in the bylaws.

Section 5.4 Dissolution. So long as Declarant owns record title to any Lot, the Association shall not be dissolved. Once Declarant is divested of all ownership interest in the Property, the Association may be dissolved upon the written consent of Owners owning at least seventy-five percent (75%) of the Lots. Upon such dissolution, the assets of the Association shall be donated to a nonprofit organization with purposes similar to the Association and selected by a majority of the Board.

ARTICLE 6 **ASSESSMENTS**

Section 6.1 Power to Establish Assessments. The Association is empowered to establish and collect Assessments as provided in this Article 6 for the purpose of obtaining funds to maintain the Common Area, perform its other duties, and otherwise preserve and further the operation of the Property as a first quality residential subdivision. The purposes for which Assessments may be used include, without limitation, maintaining, operating, managing, repairing, replacing or improving the Common Area or any improvements thereon; mowing grass and maintaining grades and signs, paying legal fees and expenses incurred in enforcing this Declaration; paying expenses incurred in collecting and administering assessments, paying insurance premiums for liability and fidelity coverage for the ACC, the Board and the Association; satisfying any indemnity obligation under the articles or bylaws; and for any other purpose that furthers or serves the interests of the Association. The Board may reject partial payments and demand payment in full of all amounts due and owing the Association. The Board is specifically authorized to establish a policy governing how payments are to be applied.

Section 6.2 Commencement of Assessments.

(a) **Owner other than Declarant.** Unless otherwise provided by separate agreement by and between Declarant and any Person, the Assessments shall commence as to each Lot upon its conveyance by Declarant to any Person that is not an affiliate of Declarant.

(b) **Declarant.** Declarant shall not be liable for Assessments for any Lots that it owns. Declarant may, but shall have no obligation to, subsidize the Association from time to time. In the event Declarant decides to subsidize the Association and any shortfall in the operating budget of the Association is due in part to the failure of the Association to collect delinquent Assessments, then the Association shall immediately and vigorously pursue collection of such delinquent Assessments through foreclosure, if necessary, and shall reimburse the Declarant the amounts, if any, so collected.

Section 6.3 Regular Annual Maintenance Assessments.

(a) **Annual Budget.** For each calendar year or a part thereof during the term of this Declaration, the Board shall establish an estimated budget of the expenses to be incurred by the Association for the forthcoming year in performing its duties. Based upon such budget, the Association shall then assess each Lot an annual fee (the "**Maintenance Assessment**") which shall be paid by each Owner in advance as follows: quarterly on the first day of each January, April, July and October, unless the Board determines a different schedule. The Association shall notify each Owner of the Maintenance Assessment for the ensuing year by December 15 of the preceding year, but

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failure to give such notice shall not relieve any Owner from its obligation to pay Maintenance Assessments. Any Maintenance Assessment not paid within thirty (30) days of the date due shall be delinquent and shall thereafter bear interest as provided in Section 6.5(f). As to any partial year, Maintenance Assessments on any Lot shall be appropriately prorated.

(b) Limits on Maintenance Assessments. The initial Maintenance Assessment for each Lot shall not exceed Fifty Dollars and No Cents (\$50.00) per month. Thereafter the Board may increase the Maintenance Assessment annually to meet the anticipated needs of the appropriate budget, but the Maintenance Assessment may not be increased in any year by an amount in excess of twenty percent (20%) above the previous year's Maintenance Assessment, unless such increase is approved by a majority vote of those members of the Association present at a meeting, in person or by proxy, where a quorum exists.

(c) Uniform Assessments. Maintenance Assessments for all Lots shall be uniform.

Section 6.4 Special Assessments. The Association may impose special assessments ("Special Assessments") to make capital improvements to the Common Area, to satisfy its indemnity obligations under the articles or bylaws, or for other similar purposes. Any Special Assessment proposed by the Association must be approved by a majority vote of those members of the Association present at a meeting, in person or by proxy, at which a quorum exists. At least fifteen (15) days prior to any meeting of the Association called to consider any Special Assessment, the Board shall notify each Owner thereof by written notice specifying the total amount of the Special Assessment required, the amount thereof imposed on each Lot (which shall be uniform), the purpose for such Special Assessment, and the time and method of payment thereof. The time for paying any Special Assessment (which may be in installments) shall be as specified in the approved proposal therefor.

Section 6.5 Liability for and Enforcement of Assessments.

(a) Personal Liability. Each Owner shall be personally liable for all Assessments imposed during the time it owns a Lot.

(b) Reservation, Subordination, and Enforcement of Assessment Lien. Declarant hereby reserves for the benefit of itself and the Association, a lien (the "Assessment Lien") against each Lot to secure payment of (1) the Assessments imposed hereunder; (2) the payment of fines imposed under Section 3.3 (e) and Section 9.2 hereof or Section 3.18 of the By-Laws; (3) the cost to remove unauthorized signage under Section 3.4 (9) hereof; (4) the cost to perform a defaulting Owner's obligations under Section 4.3 hereof; (5) the cost to remove any structure or obstruction from the Drainage Easement area under Section 4.4 hereof; and (6) attorneys' fees incurred by the Association in collecting Assessments or other charges added to an Owner's account and to enforce the Declaration. Each Owner, by accepting conveyance of a Lot, shall be deemed to have agreed to pay the Assessments, along with fines, costs for remedial measures and attorneys' fees as herein provided for and to the reservation of the Assessment Lien. The Assessment Lien shall be subordinate to the liens of any valid first lien mortgage or deed of trust encumbering a particular Lot. Sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to a first mortgage or deed of trust foreclosure (whether by exercise of power of sale or otherwise) or any proceeding in lieu thereof, shall only extinguish the Assessment Lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from

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Liability and the Assessment Lien for any Assessments thereafter becoming due. The Assessment Lien may be non-judicially foreclosed by power of sale in accordance with the provisions of Section 51.002 of the *Texas Property Code* (or any successor provision) or may be enforced judicially. Each Owner, by accepting conveyance of a Lot, expressly grants the Association a power of sale in connection with the foreclosure of the Assessment Lien. The Board is empowered to appoint a trustee, who may be a member of the Board, to exercise the powers of the Association to non-judicially foreclose the Assessments Lien in the manner provided for in Section 51.002 of the *Texas Property Code* (or any successor statute). The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

(c) Notices of Delinquency or Payment. The Association, the Association's attorney or Declarant may file notice of any delinquency in payment of any Assessment in the Records of Collin County, Texas. Upon the timely curing of any default for which a notice was recorded by the Association, the Association through its attorney is hereby authorized to file of record a release of such notice upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed the actual cost of preparing and filing a release. Upon request of any Owner, any title company on behalf of such Owner or any Owner's mortgagee, the Board through its agents may also issue certificates evidencing the status of payments of Assessments as to any particular Lot (i.e., whether they are current or delinquent and if delinquent, the amount thereof). The Association or its Managing Agent may impose a reasonable fee for furnishing such certificates or statements.

(d) Suit to Recover. The Association may file suit to recover any unpaid Assessment and, in addition to collecting such Assessment and interest thereon, may also recover all expenses reasonably expended in enforcing such obligation, including reasonable attorneys' fees and court costs.

(e) Late Charges and Collection Fees. If any Assessment or any part thereof remains unpaid after thirty (30) calendar days from and after the due date established by the Board, a late charge shall be assessed against the non-paying Owner for each month or any part thereof, that any portion of any Assessment remains unpaid. Should any Assessment be payable in installments, the Association is authorized to accelerate the entire Assessment and demand immediate payment thereof. The late charge shall be in the amount of Twenty-five and No/100 Dollars (\$25.00) per month. The Association's Managing Agent shall be entitled to charge an Owner a monthly collection fee to compensate Managing Agent for its administrative costs and efforts to collect and process the late payment of Assessments. A service charge in the amount of Twenty And No/100 Dollars (\$20.00) shall be charged for each check that is returned because of insufficient funds or any other reason. The amount of late charges and service charges may be adjusted, from time to time, by the Board consistent with any changes in the administrative costs to collect unpaid Assessments or the Association's bank charges. All late charges, collection fees, service charges and attorneys' fees assessed or incurred due to late payment of Assessments shall be charged to an Owner's Assessment account which shall be part of the delinquent Assessment and shall be payable and secured in the same manner as herein provided with regard to Assessments.

(f) Interest on Past Due Amounts. All Assessments past due more than thirty (30) days, unpaid fines and other amounts owed to the Association by any Owner which are not paid when due shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum, but not in excess of the maximum rate allowed by applicable law.

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(g) **Suspension of Right to Use Common Area.** In addition to the other powers herein granted, the Board may suspend the right of Owner to use any of the Common Area during the time that such Owner is delinquent in paying any Assessment.

(h) **Suspension of Voting Rights.** No Owner who is delinquent in paying its Assessments shall have the right to vote as a member of the Association while such delinquency continues; an Owner may cure a delinquency at a meeting to regain the right to vote by paying all outstanding amounts (including interest, fines, and penalties) by cashier's or certified check or other good funds acceptable to the Board.

(i) **Working Capital Contributions.** Upon acquisition of record title to a Lot by any Owner other than Declarant or affiliate of Declarant, a contribution shall be made by or on behalf of such Owner to the working capital of the Association in an amount equal to One hundred and Fifty Dollars and no Cents (\$150.00). This amount is not refundable, shall be in addition to, not in lieu of, the Maintenance Assessment levied on the Lot and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into escrow and disbursed therefrom to the Association, or to the Declarant if the Association is not yet established, and shall be used for covering operating and other expenses incurred by the Association pursuant to the terms of this Declaration and the bylaws of the Association.

(j) **Transfer Fees and Fees for Issuance of Resale Certificates.** The Board may, at its sole discretion, enter into contracts with third parties to oversee the daily operation and management of the association. These third parties may, and probably will, have fees, which will be charged to an Owner for the transfer of a significant estate or fee simple title to a Lot and the issuance of a Resale Certificate. The Association or its agent shall not be required to issue a Resale Certificate until payment for the cost thereof has been received by the Association or its agent. Transfer fees and fees for the issuance of a Resale Certificate are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments, and are in addition to the Working Capital Contribution in Section 6.5(i) above. This Section does not obligate the Board or any third party to levy such fees.

Section 6.6 Working Capital Fund. In the event that, after the final Tract and Lot owned by Declarant have been sold for development, the Association is holding working capital funds that have been collected from the proceeds of Lot or Tract sales from the Property, then such monies shall be used by the Association only for the following purposes and in the following order of priority: (i) to cover deficits, if any, from operations; and, (ii) to make further improvements to Common Area.

ARTICLE 7 COMMON AREA

Section 7.1 Right to Use Common Areas. Each Owner, the members of that Owner's immediate family, and the Owner's guests (provided guests are accompanied by an Owner) shall have the right to use the Common Area for its intended purposes as herein provided. The Declarant and the Association shall have the right to enter on and use the Common Areas at all times to exercise their rights or (in the case of the Association) perform its duties hereunder.

Section 7.2 Specific Facilities. Specific facilities, if any, to be located in the Common Area shall be determined by Declarant. The Declarant and the Board may promulgate reasonable rules and regulations for use of these facilities.

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Section 7.3 Maintenance of Common Areas. The Association shall be solely responsible for all maintenance, repair, replacement, and improvement of the Common Areas, utilizing the Assessments for such purposes as herein provided. Declarant shall have no responsibility for maintenance, repair, replacement, or improvement of the Common Area after initial construction.

Section 7.4 Risk of Loss - Use of Common Areas. Each Owner shall be individually responsible and assume all risk of loss associated with its use of the Common Area and use by its family members and guests. Neither the Association nor Declarant shall have any liability to any Owner or their family members or guests, or to any other Person, arising out of or in connection with the use, in any manner whatsoever, of the Common Area or any improvements comprising a part thereof from time to time.

Section 7.5 Conveyance of Common Area to Association. Declarant shall convey the Common Area to the Association, free and clear of any liens, claims or encumbrances, not later than sixty (60) days after Declarant no longer owns a Lot in the Property.

ARTICLE 8 **SPECIFIC DECLARANT RIGHTS**

Section 8.1 Rights to Annex. Declarant may annex additional property to become a portion of the Property and thereafter be subject to the terms, provisions and conditions of these Covenants, provided that so long as the Class B membership provided for in Section 5.2(b) exists, any such annexation by Declarant may require the prior approval of HUD or VA. Declarant may exercise such right by recording a supplement to this Declaration in the Records of Collin County, Texas subjecting such additional property to the terms and conditions hereof. No further action or approval shall be required or necessary for the Declarant to annex additional properties into the Property for the purpose of subjecting it to the Covenants. Any document subjecting additional property to the Declaration may also impose additional restrictions not found in this Declaration upon such additional property. Upon the annexation and platting of any additional property as herein provided, each lot described therein shall become a "Lot" for all purposes hereunder.

Section 8.2 No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of Declarant or any member to annex any property to this Declaration and no owner of the property excluded from this Declaration shall have any right to have such property annexed thereto.

Section 8.3 Effect of Annexation on Class B Membership. In determining the number of Lots owned by Declarant for the purpose of Class B membership status according to Section 5.2 hereof, the total number of Lots covered by this Declaration, including all Lots annexed thereto, shall be considered. If Class B membership has previously lapsed but annexation of additional property restores the ratio of Lots owned by Declarant to the number required by Class B membership, such Class B membership shall be reinstated until it expires pursuant to the terms of Section 5.2.

Section 8.4 Specific Declarant Rights to Amend Declaration. Declarant, without joinder of the Board, the Association, or the other Owners may amend this

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Declaration to correct any errors or to cause the Declaration to be in compliance with any City or other governmental requirement (including any requirements imposed by the Federal Housing Administration, the Veterans Administration, the Department of Housing and Urban Affairs, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association).

Section 8.5 Easement/Access Right. Declarant reserves a general easement over all Streets, roads, rights of way, alleys and utility, maintenance, landscaping, wall and other easements in the Property and over the balance of the Common Area for access for the purpose of finishing development of the Property as a subdivision and as otherwise reasonably necessary to effect Declarant's rights hereunder. Such easements and rights shall expire at such time that Declarant no longer owns a Lot.

Section 8.6 Assignment of Declarant Rights. Declarant may assign its rights to a successor Declarant hereunder by execution of a written document, recorded in Records of Collin County, Texas specifically stating that Declarant has assigned its rights as such to a designated assignee and declaring such assignee to be the new "Declarant" hereunder.

Section 8.7 Declarant's Right to Install Improvements in Setback and Other Areas. Declarant, in connection with development of the Property and construction of homes thereon, reserves the right but shall have no obligation to install or construct walls, fences, irrigation systems and other improvements in the setback areas (being the area on, along and/or between the boundary line of a Lot and the building or setback lines applicable to such Lot) and/or the following described areas: Lot 1 & 68 of Block A, Lot 1 of Block B, Lots 1 of Block L, Lots 1 & 14 of Block N; Lots 1 & 6 of Block Q; Lots 1 & 33 of Block R; Lots 1 & 72 of Block T; Lot 1 of Block Y and Lot 41 of Block Z. If Declarant exercises such right in a setback area, then such wall, fence, irrigation system, or other improvement shall be the property of the Owner(s) of the Lot(s) upon which or adjacent to these are located, and such Owner(s) shall maintain and repair any such improvement unless Declarant or the Association, by and through the Board, shall advise the Owner(s) in writing of its intent to assume such maintenance and repair obligations. If Declarant exercises such right in the above-described non-setback areas, then such wall, fence, irrigation system, or other improvement shall be the property of the Association. So long as it owns any Lot, Declarant shall have the right, but not the obligation, to maintain and repair any such non-setback area improvements; otherwise, the Association shall assume the maintenance and repair or it may abandon such improvements at its discretion. If the City requires the maintenance, repair, or removal of any such non-setback area improvements, the Association shall assume such responsibility at its expense. If the Association so abandons such non-setback area improvements or is properly dissolved, then the Owner(s) of the Lot(s) on or adjacent to which such improvements are located shall assume maintenance and repair at its expense.

Section 8.8 Replatting or Modification of Plat. From time to time, Declarant reserves the right to replat the Property or to amend or modify the Plat in order to assure a harmonious and orderly development of the Property as herein provided. Declarant may exercise such rights so long as it owns any Lot and no joinder of any other Owner shall be required to give effect to such rights, each Owner consenting to Declarant's execution of any replat on such Owner's behalf. However, any such replatting or amendment of the Plat shall be with the purpose of efficiently and economically developing the Property for the purposes herein provided or for compliance with any applicable governmental regulation.

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Declarant's rights under this Section 8.8 shall expire at such time Declarant no longer owns a Lot.

Section 8.9 Limitation of Declarant Liability. The Declarant shall not be responsible or liable for any deficit in the Association's funds. Declarant may, but is under no obligation to, subsidize any liabilities incurred by the Association and the Declarant may, but is not obligated to, lend funds to the Association to enable it to defray its expenses, provided the terms of such loans are on reasonable market conditions at the time.

Section 8.10 Termination of Declarant's Responsibilities. In consideration of Declarant's deficit funding of the Association, if any, upon the occurrence of any of the following events: (i) conversion of Declarant's Class B membership status to Class A membership status; (ii) completion of any facilities in the Common Area by Declarant; or (iii) assignment of Declarant's rights hereunder pursuant to Section 8.6, then and in such event Declarant shall be fully released, relieved and forever discharged from any further duty or obligation to the Association or any of its members as Declarant by reason of the terms and conditions of this Declaration including any amendments thereof or supplements thereto, save and except the duties and obligations, if any, of Declarant as a Class A member by reason of Declarant's continued ownership of one or more Lots, but not otherwise. Further, and without regard to whether or not Declarant has been released from obligations and duties to the Association, so long as Declarant holds record title to at least one (1) Lot and holds same for sale in the ordinary course of business, neither the Association nor its Board, nor any member of the Association shall take any action that will impair or adversely affect the rights of the Declarant or cause the Declarant to suffer any financial, legal or other detriment, including but not limited to, any direct or indirect interference with the sale of Lots. In the event there is a breach of this Section, it is acknowledged that any monetary award which may be available would be an insufficient remedy and therefore, in addition to all other remedies, the Declarant shall be entitled to injunctive relief restraining the Association, its Board or any member of the Association from further breach of this Section.

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ARTICLE 9
MISCELLANEOUS PROVISIONS

Section 9.1 Term and Renewal. These Covenants shall commence on the date hereof and shall continue in effect for a period of thirty (30) years. Thereafter these Covenants shall automatically renew for subsequent periods of ten (10) years each unless Owners owning at least seventy percent (70%) of the Lots elect to terminate these Covenants by written instrument recorded in the Records of Collin County, Texas.

Section 9.2 Enforcement. The terms, provisions and conditions of this Declaration and any Design Guidelines shall be enforceable by Declarant, the ACC, the Association, and each Owner. The Board shall have the power and authority to impose reasonable fines (which shall not exceed \$500.00 for each separate violation) for violation of this Declaration, any Design Guidelines or any rule or regulation of the Association, which shall constitute a lien upon the Lot of the violating Owner as provided in the Declaration, and to suspend the Owner's right to vote or any Person's right to use of the Common Area. Each day the violation continues to exist shall constitute a separate violation. If any occupant, guest, or invitee of a Lot violates the Declaration, any Design Guidelines or a rule or regulation of the Association and a fine is imposed, the fine shall first be assessed against such occupant, guest, or invitee; provided, however, if such occupant, guest, or invitee does not pay the fine within thirty (30) days after written demand for payment from the Association, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, any Design Guidelines or any rule or regulation of the Association shall not operate as a waiver of the right of the Board to do so thereafter.

Section 9.3 General Easement for Encroachments, Access, Maintenance and Utilities. Each Owner grants to the Association, the Board, the Declarant and the other Owners a general easement for the maintenance of any minor encroachments of Common Area facilities over adjoining Lots and for access to and from each Owner's Lot through driveways, rights of way and easements as reflected on the Plat for the purpose of giving effect to the provisions of these Covenants.

Section 9.4 Amendment of Declaration. These Covenants may be amended by Declarant as provided in Section 8.4. In addition, the Declaration may be amended at any time and in any respect with the approval of Owners owning at least seventy percent (70%) of the Lots; provided, however, that no such amendment shall be effective unless joined in by Declarant until such time as Declarant no longer owns a Lot. In addition, so long as the Class B membership provided for in Section 5.2(b) exists, any amendment of these Covenants may, at Declarant's discretion, require the prior approval of HUD or VA.

Section 9.5 City Provisions. All construction within the Property shall also comply with all applicable City ordinances and regulations. If any ordinance or regulation imposed by the City imposes more demanding, extensive or restrictive requirements than those set forth in this Declaration, such requirements shall govern. No ordinance or regulations adopted by the City shall lessen the requirements set forth in these Covenants.

Section 9.6 HUD/VA Approval. Should any approval from HUD or VA be required under the terms of this Declaration, Declarant shall forward such request for approval to

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HUD and/or VA. If neither HUD nor VA notify Declarant of any objection to the request for approval within twenty (20) days of the date such request for approval was forwarded to HUD or VA, then such approval shall be deemed to have been granted.

Section 9.7 Notices. Any notice required to be given to any Owner under the terms of this Declaration shall be deemed to have been properly delivered when deposited with the United States Postal Service, postage prepaid, properly addressed to the addressee. Each Lot Owner's address for purpose of notice hereunder shall be deemed to be the Residence located on its Lot.

Section 9.8 Indemnification. Neither the Declarant, including any of its officers, directors, employees or agents, nor any officer, director or agent of the Association, nor any member of the ACC shall be liable to any Person, Owner or any person claiming by or through any Owner or otherwise for any act or omission in the performance of the duties of such Declarant or officer, director or agent of the Association, or member of the ACC except only if such act or omission should be judicially declared to constitute fraud or intentional willful misconduct. The Association shall and does hereby agree to indemnify the Declarant, including any of its officers, directors, agents or employees, the officers, directors and agents of the Association, and the members of the ACC against all claims, demands, actions and proceedings and all expenses in connection therewith arising from the good faith exercise of their duties pursuant to this Declaration.

Section 9.9 Severability. If any of the terms hereof shall be invalid by a court of competent jurisdiction, such invalidity shall not affect the other provisions of these Covenants, which shall be in full force and effect.

Section 9.10 Acceptance by Owners of Rights and Obligations. By the recording of a deed or other conveyance transferring all or part of an interest in a Lot subject to this Declaration, the person or entity to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all the provisions of the Declaration, any Design Guidelines, the articles and bylaws of the Association, including any rules or regulations adopted or promulgated by the Association, whether or not mention thereof is made in said deed.

Section 9.11 Disclosure by Declarant. To be attached hereto as Exhibit F-1 are summaries of certain disclosures made in various forms to all purchasers of a Residence from Declarant, who, having made such disclosures to such purchasers of a Residence and having attached such summaries to this Declaration, shall be deemed to have fully made such disclosures to any Person acquiring title to any Lot and is hereby fully released and forever discharged by any Owner of a Lot from any further duty or obligation to make such disclosures.

Section 9.12 Arbitration of Disputes Involving Declarant.

(a) **Dispute Resolution Procedure.** (a) The Seller and Purchaser will attempt in good faith to resolve promptly by negotiation any and all decisions, controversies and disputes arising under, out of or relating to the Contract or the relationships contemplated hereby. If such negotiation is unsuccessful, any party by written demand on the other party may request that the dispute be mediated, and all parties agree to participate in good faith in such mediation. The mediation shall be scheduled within seven (7) days after the requesting party's written demand. The mediation shall take place in

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Dallas, Texas, and the mediator shall be an attorney practicing mediation in Dallas, Texas. If the parties are unable to jointly select a mediator, one shall be appointed by the Attorney-Mediators Institute. The parties shall share equally any mediation fees and expenses. If such mediation does not result in a resolution of the decision, controversy or dispute, such decision, controversy or dispute shall be settled by binding arbitration in accordance with the procedures and conditions set further herein.

(b) Except as modified herein, the Federal Arbitration Act, 9 U.S.C. § 1, et seq., shall apply to any arbitration hereunder.

(c) Any arbitration proceedings hereunder shall be conducted in the City of Dallas, Texas; provided, however, the location of any depositions conducted in connection with any arbitration proceeding hereunder shall be governed by the Federal Rules of Civil Procedure as provided in Paragraph (h) hereof. The arbitration shall be administered by the American Arbitration Association ("AAA"), or its successor, pursuant to the expedited procedures (irrespective of the amount in controversy) of the AAA's then-prevailing Commercial Arbitration Rules (the "Rules"), subject to the limitations and modifications set forth herein.

(d) Notice of a demand for arbitration pursuant to this Procedure (the "Notice to Arbitrate") shall be made in writing and delivered to the other party by personal delivery or by certified or registered mail, return receipt requested. The Notice to Arbitrate shall be accompanied by a short and plain statement of the party's claim(s), the grounds for same and the relief sought. Within seven (7) days of receipt of the Notice to Arbitrate, the other party shall set forth in writing and deliver to the other party by personal delivery or certified or registered mail, return receipt requested, an answer setting forth its response to the claim for relief, as well as any affirmative defenses and counterclaims.

(e) The arbitration shall be before one neutral arbitrator (the "Arbitrator") to be selected in accordance with the Rules (as modified herein). In the event the parties cannot agree upon an Arbitrator within ten (10) business days from receipt of the Notice to Arbitrate, the Arbitrator shall be selected in the following manner:

(i) The AAA shall submit to the parties an initial (or if needed subsequent) list of five (5) proposed arbitrators drawn from the AAA National Panel of Commercial Arbitrators. Each party may, within five (5) business days, exercise challenges for cause and up to two (2) preemptory strikes of the names appearing on the list.

(ii) In the event more than one name remains after the exercise of all strikes and challenges for cause, the AAA shall select the Arbitrator from among the remaining names.

(iii) In any event, no person shall serve as Arbitrator who has a bias, or financial or personal interest, in the result of the arbitration or any past or present relationship with the parties or their representatives, parents, subsidiaries or related entities, unless such relationship is disclosed in writing to the parties and all parties nevertheless approve in writing such person as Arbitrator.

(f) It is the express intention of the parties hereto that, except as

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otherwise expressly provided herein and subject to the terms and provisions of the Contract, the Arbitrator shall be authorized and empowered to award any and all relief, at law or in equity, that could be granted by a court of competent jurisdiction. By way of example and not limitation, the Arbitrator may order or grant damages, specific performance of any obligation of a party, injunctive relief, pre- and post-judgment interest, attorneys' fees, costs and/or sanctions for abuse or frustration of the arbitration process.

(g) It shall be the responsibility of each party to timely comply with the Arbitrator's requests for payment of his or her fees. Any party who has not complied with any such request within ten (10) calendar days thereof shall be deemed in default of this Contract and the Arbitrator may enter a default judgment against such party on the merits.

(h) The parties shall have the right to conduct and enforce pre-hearing discovery in accordance with the Federal Rules of Civil Procedure then in effect for the Northern District of Texas, including any Local Rules (collectively, the "Court Rules"), subject to the following:

(i) The parties shall make the voluntary disclosures described in the Court Rules (except those applicable to expert witnesses) within thirty (30) days after the appointment of the Arbitrator. The identity and report of each expert witness, as well as all other disclosures described in the Court Rules, shall be disclosed to the other party no later than forty-five (45) days after the appointment of the Arbitrator.

(ii) Each party may serve a request for production of tangible and documentary evidence. Responses to a request for production shall be due fifteen (15) days after receipt.

(iii) Each party may serve no more than one set of interrogatories limited to no more than thirty (30) questions, including subparts. Answers to interrogatories shall be due fifteen (15) days after receipt.

(iv) Each party may depose each expert witness and up to, but no more than, three (3) other witnesses; provided, however, each party will be limited to no more than a total of eighteen (18) hours of deposition time in the aggregate for non-expert witnesses.

(v) All discovery must be completed within forty-five (45) days after appointment of the Arbitrator (the "Discovery Deadline").

(vi) The Arbitrator, for good cause shown, may, upon motion and three (3) days' notice to all parties, extend any of the discovery deadlines set forth herein for a period not to exceed fourteen (14) days.

(vii) The Arbitrator shall have the right and authority to decide any and all discovery disputes. The Arbitrator shall be empowered to issue subpoenas and any and all process and orders permitted under the Rules to compel cooperation in the discovery and otherwise enforce the discovery rights and obligations of the parties.

(i) The Arbitrator, within ten (10) days of his or her appointment, shall

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conduct a pre-hearing conference (the "Pre-Hearing Conference"). The parties shall be prepared to discuss discovery matters, schedule the Additional Conference and Arbitration Hearing, decide procedural matters and address all other questions that may be presented.

(j) Within ten (10) days after the Discovery Deadline, the Arbitrator shall hold an additional conference (the "Additional Conference") to set dates for the exchange of witness and exhibit lists, deposition testimony designations, testimony summaries and arbitration briefs, determine the length of the Arbitration Hearing, and address any and all other questions that may be presented.

(k) The arbitration hearing (the "Arbitration Hearing") shall commence within twenty (20) days after the date of the Additional Conference, unless otherwise agreed by the parties. For good cause shown, the Arbitrator may grant no more than one (1) continuance per party of a duration not to exceed twenty (20) days each. Unless otherwise agreed by the parties or ordered by the Arbitrator for good cause shown, the Arbitration Hearing shall continue from day-to-day for such period of time (not to exceed five (5) days) as may be set by the Arbitrator. Each party shall have equal time for presentation and rebuttal, unless otherwise agreed by the parties. The parties may present evidence, at their option, in the form of testimony (live and/or by deposition), documents and other tangible evidence, or testimony summaries, or any combination thereof, provided, however, that the testimony of expert witnesses (other than rebuttal testimony) shall be presented solely in the form of written reports. The Arbitrator shall, upon timely request by a party or if otherwise required by law, require witnesses to testify under oath administered by a duly qualified person. Any party may, at its own cost and three (3) days notice to all other parties, arrange for a stenographic record of the proceedings. Such record shall be made available for inspection and copying by all other parties and the Arbitrator.

(l) The Arbitrator shall issue and deliver to each party a written and signed award (the "Arbitration Award") within fourteen (14) days after the conclusion of the Arbitration Hearing. The arbitration Award shall contain the factual and legal basis for such award. The Arbitration Award shall, in addition to the relief granted therein, award attorneys' fees and costs to the prevailing party as the Arbitrator may determine in light of all of the circumstances. The term "costs" shall include, but is not necessarily limited to, court costs, the Arbitrator's fees, administrative fees, travel expenses and out-of-pocket expenses such as copying charges, telephone expenses and witness fees (including expert witness fees). The Arbitration Award shall be binding upon the parties in accordance with its terms provided that the Arbitration Award is rendered, and the Arbitration proceedings are conducted, in accordance with the terms and provisions of this Contract.

(m) The Arbitration Award shall be presented by any party to the United States District Court for the Northern District of Texas for entry of a judgment thereon, or to vacate all or any portion thereof, in accordance with the Federal Arbitration Act. In the event that the Arbitration Award is vacated in part or in whole, then the parties each agree to promptly resubmit such vacated matters to the Arbitrator who issued the original Arbitration Award, provided, however, that if a basis for such vacatur is the Arbitrator's partiality, corruption or failure to follow the terms and provisions of this Contract, or if the original Arbitrator is not able to continue to serve, then the parties shall select a new Arbitrator in the manner provided in Paragraph (e) hereof.

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(n) **Other Dispute Resolutions.** Notwithstanding Declarant's and Owner's intent to submit any controversy or claim arising out of or relating to this Declaration to arbitration, in the event that a court of competent jurisdiction shall determine or a relevant law shall provide that a particular dispute is not subject to the arbitration provisions in this Section, then the parties agree to the following provisions:

(0) **Waiver of Trial by Jury.** EACH OWNER ACKNOWLEDGES THAT THIS DECLARATION IS A SOPHISTICATED LEGAL DOCUMENT. ACCORDINGLY, JUSTICE WILL BEST BE SERVED IF ISSUES REGARDING THIS DECLARATION ARE HEARD BY A JUDGE IN A COURT PROCEEDING, AND NOT A JURY. EACH OWNER AGREES THAT ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION, WITH RESPECT TO ANY ACTION, PROCEEDING, CLAIM, COUNTERCLAIM, OR CROSSCLAIM, WHETHER IN CONTRACT AND/OR IN TORT (REGARDLESS IF THE TORT ACTION IS PRESENTLY RECOGNIZED OR NOT), BASED ON, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS DECLARATION, ANY COURSE OF CONDUCT, COURSE OF DEALING, VERBAL OR WRITTEN STATEMENT, VALIDATION, PROTECTION, ENFORCEMENT ACTION OR OMISSION OF ANY PARTY SHALL BE HEARD BY A JUDGE IN A COURT PROCEEDING AND NOT A JURY.

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Executed by Owner as of the date set forth above.

ONE CARTER RANCH, L.P.
a Texas limited partnership

By: OCR Realty Management, L.L.C.
a Texas corporation, its General Partner

By: [Signature]
Mehrdad Moayed Title: Manager

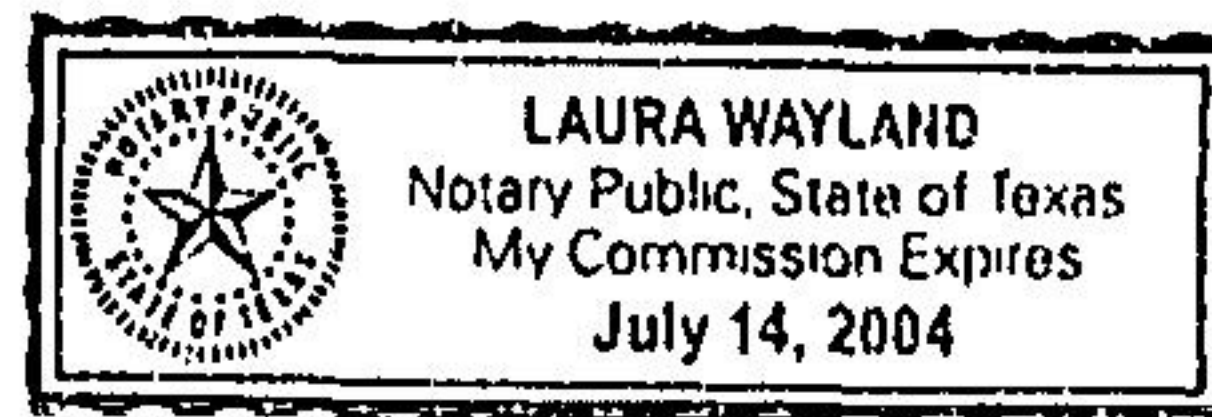
STATE OF TEXAS §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared Mehrdad Moayed manager of OCR Realty Management, L.L.C., a Texas corporation, General Partner of Carter Ranch, a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 27 day of August, 2003.

[Signature]
_____, Notary Public, State of Texas

My Commission Expires: 07/14/04



5499 008049

EXHIBIT A

Legal Description

BEING a tract of land situated in the John Cahill Survey, Abstract No. 171 and the Shelby Glass Survey, Abstract No. 346 City of Celina, Collin County, Texas, and being a portion of a tract of land as described in instrument to SH 289 Investment Partners, Ltd. and recorded in Volume 4971, Page 3584 of the Deed Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a one-half inch iron rod found with cap stamped "4613" at the southeast corner of said SH 289 Investment Partners tract, said iron rod also being in the center line of County Road No. 83;

THENCE, South 88 degrees 47 minutes 29 seconds West with the center line of County Road No. 83 and the south line of said SH 289 Investment Partners tract a distance of 1,892.22 feet to a PK nail set;

THENCE, departing the center line of County Road No. 83 and the south line of said SH 289 Investment Partners tract, North 01 degree 12 minutes 31 seconds West a distance of 60.00 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap;

THENCE, North 19 degrees 44 minutes 19 seconds West a distance of 377.45 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap;

THENCE, North 10 degrees 56 minutes 04 seconds West a distance of 91.78 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap;

THENCE, North 06 degrees 27 minutes 05 seconds West a distance of 89.75 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap;

THENCE, North 02 degrees 38 minutes 26 seconds East a distance of 89.75 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap;

THENCE, North 09 degrees 34 minutes 20 seconds East a distance of 69.49 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap;

THENCE, North 48 degrees 53 minutes 09 seconds West a distance of 51.95 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap at the beginning of a non-tangent curve to the right;

THENCE, along a curve to the right through a central angle of 40 degrees 17 minutes 13 seconds, having a radius of 460.00 feet and an arc length of 323.44 feet, being subtended by a chord of South 61 degrees 09 minutes 24 seconds West a distance of 316.82 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap at the beginning of a reverse curve to the left;

THENCE, along a curve to the left through a central angle of 10 degrees 39 minutes 38 seconds, having a radius of 200.00 feet and an arc length of 37.21 feet, being subtended by a chord of South 75 degrees 58 minutes 11 seconds West a distance of 37.16 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap at the beginning of a reverse curve to the right;

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EXHIBIT A

Legal Description

THENCE, along a curve to the right through a central angle of 18 degrees 46 minutes 38 seconds, having a radius of 300.00 feet and an arc length of 98.32 feet, being subtended by a chord of South 80 degrees 01 minutes 41 seconds West a distance of 97.88 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap;

THENCE, South 89 degrees 25 minutes 00 seconds West a distance of 38.46 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap in the west line of said SH 289 Investment Partners tract and the east right-of-way line of State Highway No. 289 as established by instrument to the State of Texas and recorded in Volume 687, Page 556 of the Deed Records of Collin County, Texas;

THENCE, North 00 degrees 35 minutes 00 seconds West along the east right-of-way line of State Highway No. 289 a distance of 728.14 feet to a one-half inch iron rod found with cap stamped "4613";

THENCE, North 07 degrees 49 minutes 00 seconds East along the east right-of-way line of State Highway No. 289 a distance of 304.34 feet to a one-half inch iron rod found with cap stamped "4613";

THENCE, North 01 degree 06 minutes 00 seconds West along the east right-of-way line of State Highway No. 289 a distance of 200.00 feet to a one-half inch iron rod found with cap stamped "4613";

THENCE, North 03 degrees 58 minutes 00 seconds West along the east right-of-way line of State Highway No. 289 a distance of 901.12 feet to a wood monument found;

THENCE, North 01 degree 06 minutes 00 seconds West along the east right-of-way line of State Highway No. 289 a distance of 875.45 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap;

THENCE, departing the east right-of-way line of State Highway No. 289, North 88 degrees 54 minutes 00 seconds East a distance of 800.00 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap;

THENCE, North 01 degree 06 minutes 00 seconds West a distance of 1,700.00 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap in the center line of County Road No. 88 and being in the north line of said SH Investment Partners tract;

THENCE, North 88 degrees 59 minutes 05 seconds East with the center line of County Road No. 88 and the north line of said SH Investment Partners tract a distance of 1698.35 feet to a five-eighths inch iron rod set with "Huitt-Zollars" cap at the northeast corner of said SH Investment Partners tract;

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EXHIBIT A

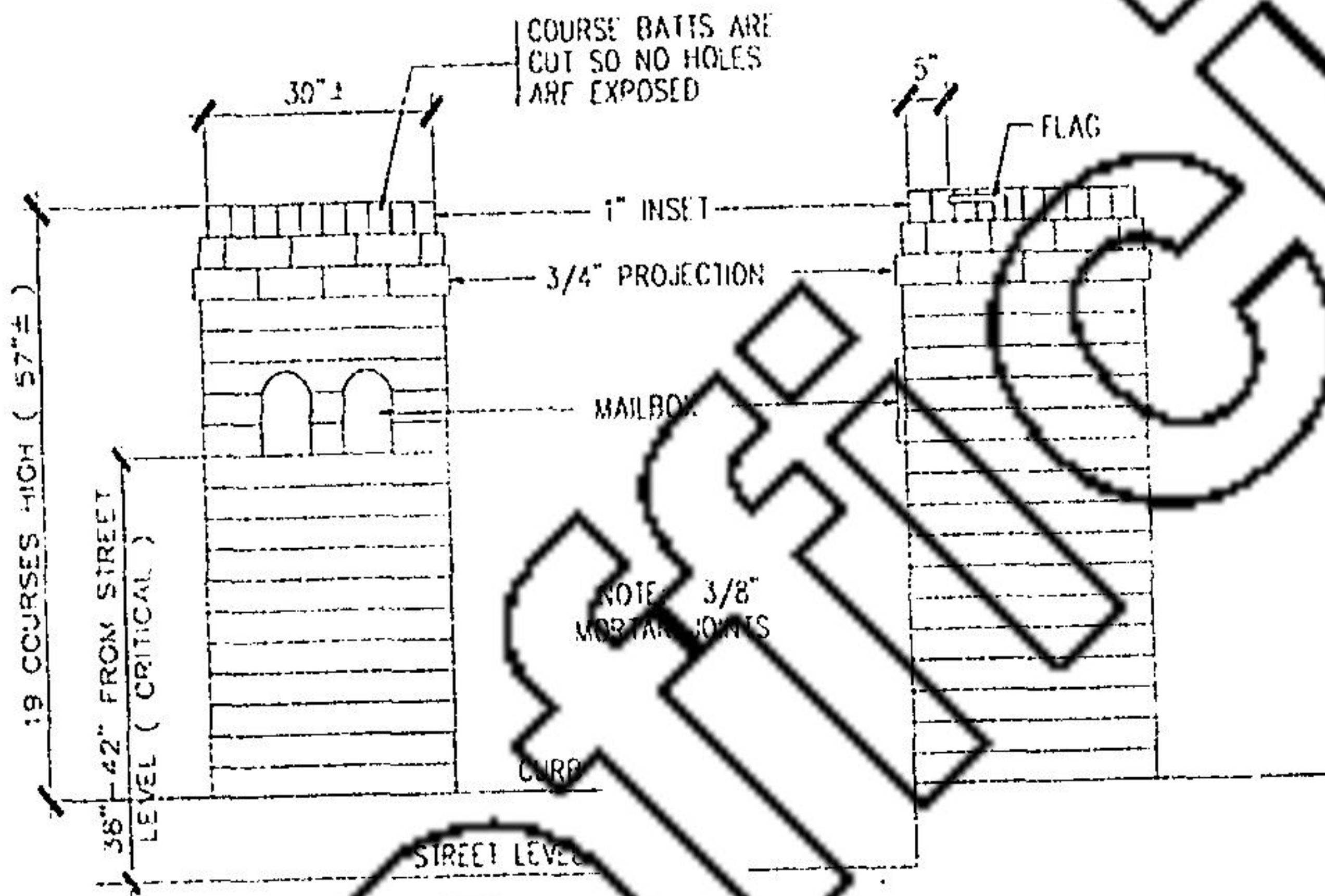
Legal Description

THENCE, South 01 degrees 06 minutes 59 seconds East along the east line of the SH Investment Partners tract a distance of 5,317.76 feet to the POINT OF BEGINNING and CONTAINING 265.2 acres of land, more or less.

Unofficial

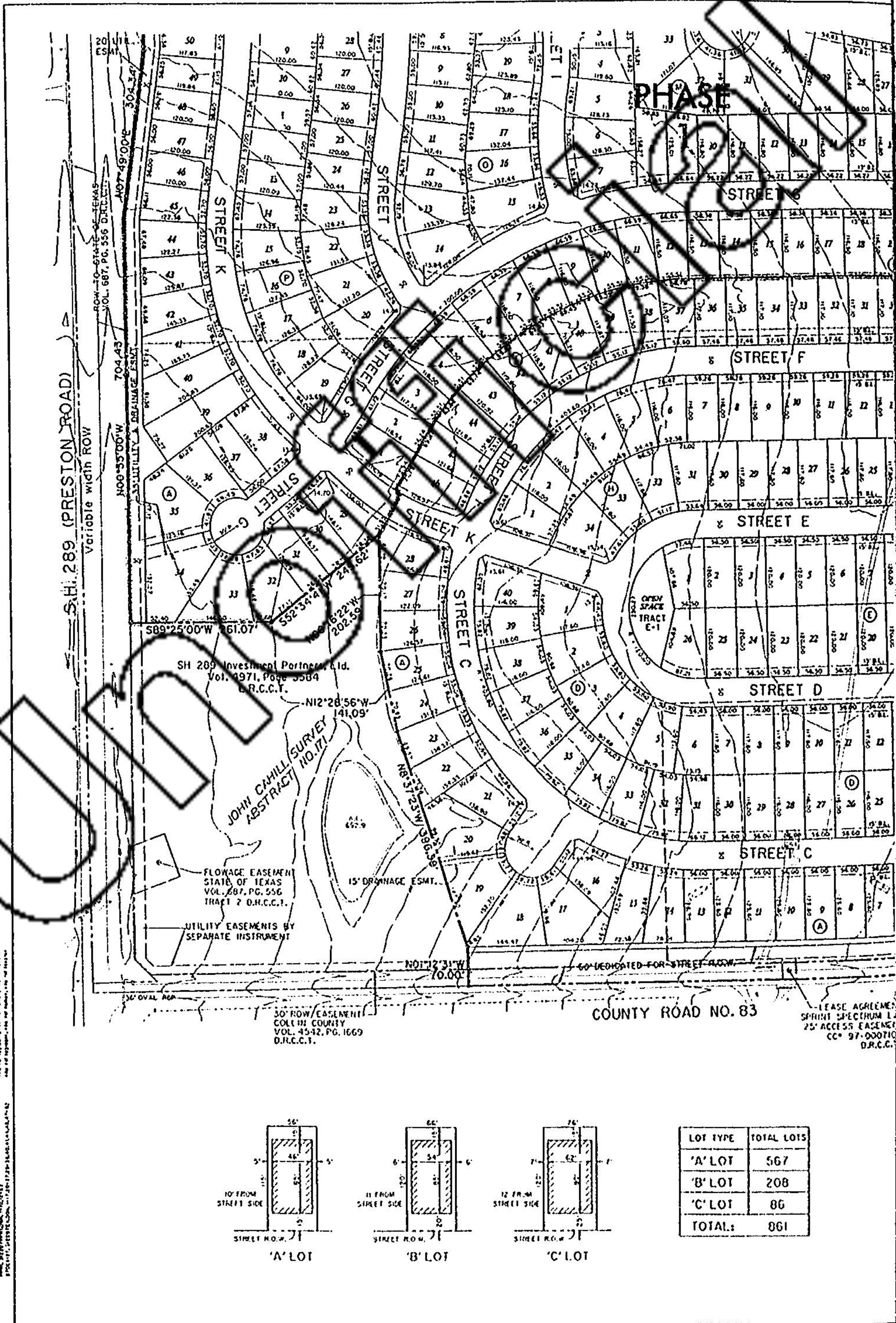
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EXHIBIT B



STANDARD MAILBOX DETAIL

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SH 289 Investment Partners, L.P.
 Vol. 1971, Page 5584
 D.R.C.C.T.

JOHN CMILL SURVEY
 ABSTRACT NO. 171

FLOWAGE EASEMENT
 STATE OF TEXAS
 VOL. 287, PG. 556
 TRACT 2 D.R.C.C.T.

UTILITY EASEMENTS BY
 SEPARATE INSTRUMENT

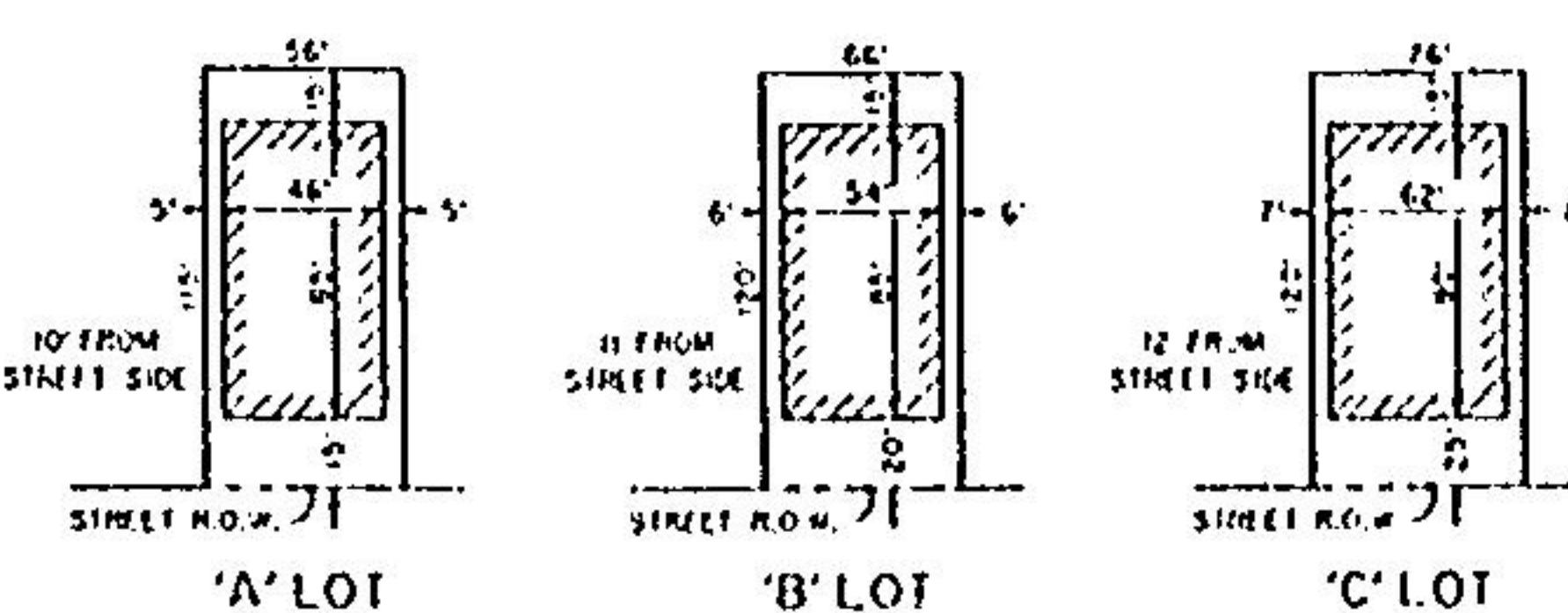
15' DRAINAGE ESMT.

30' ROW/EASEMENT
 COLL. IN COUNTY
 VOL. 45-42, PG. 1669
 D.R.C.C.T.

60' DEDICATED FOR STREET ROW

COUNTY ROAD NO. 83

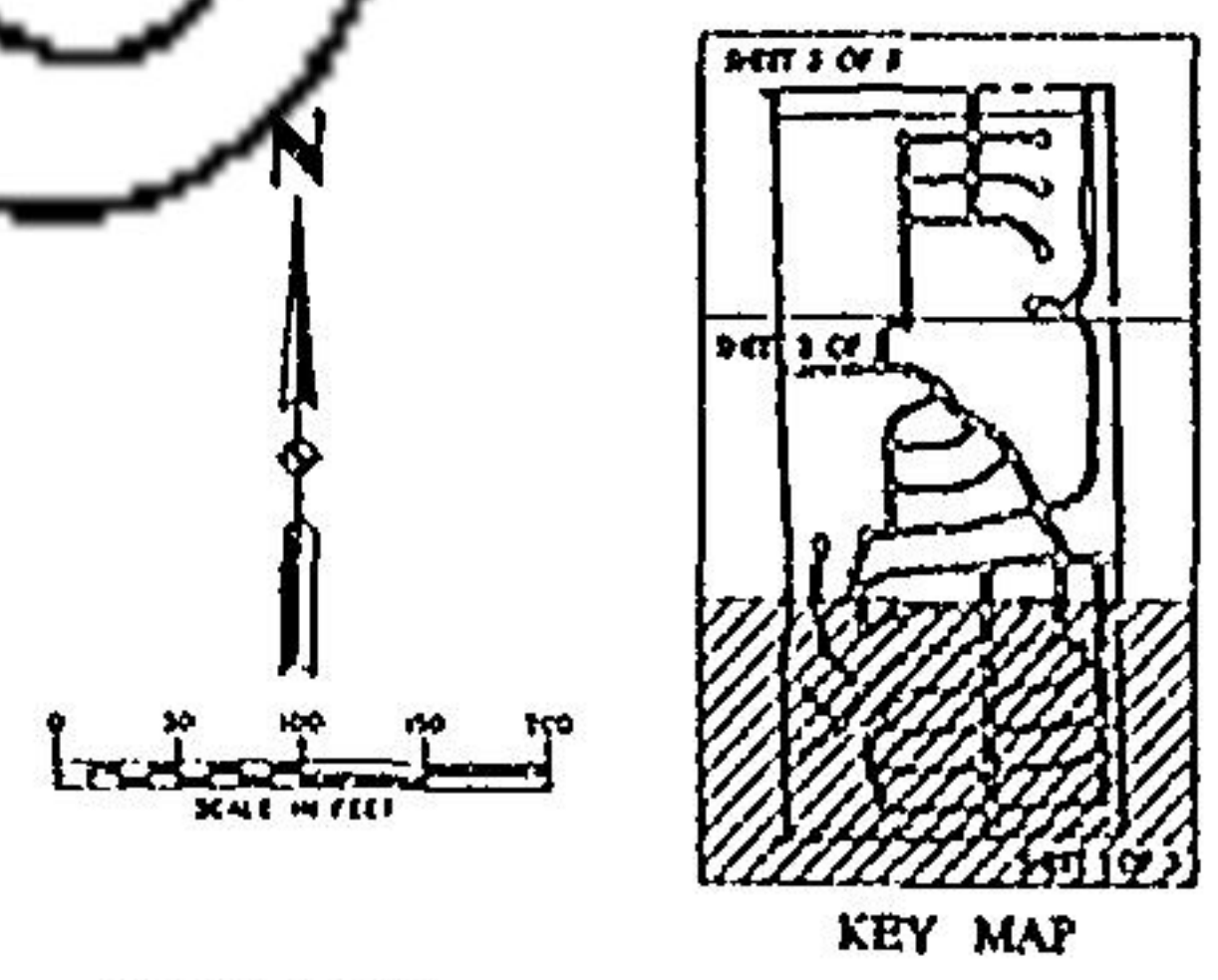
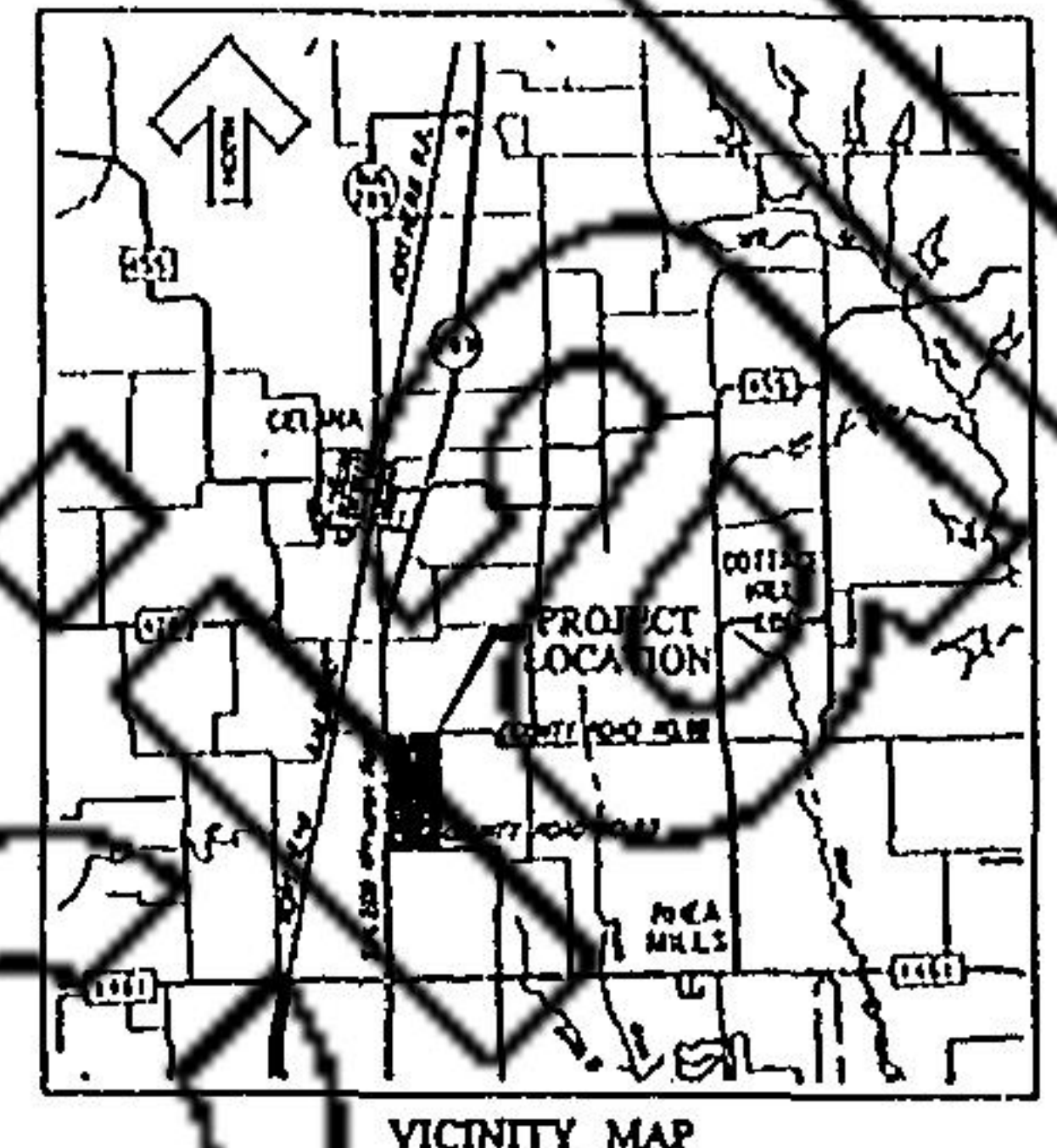
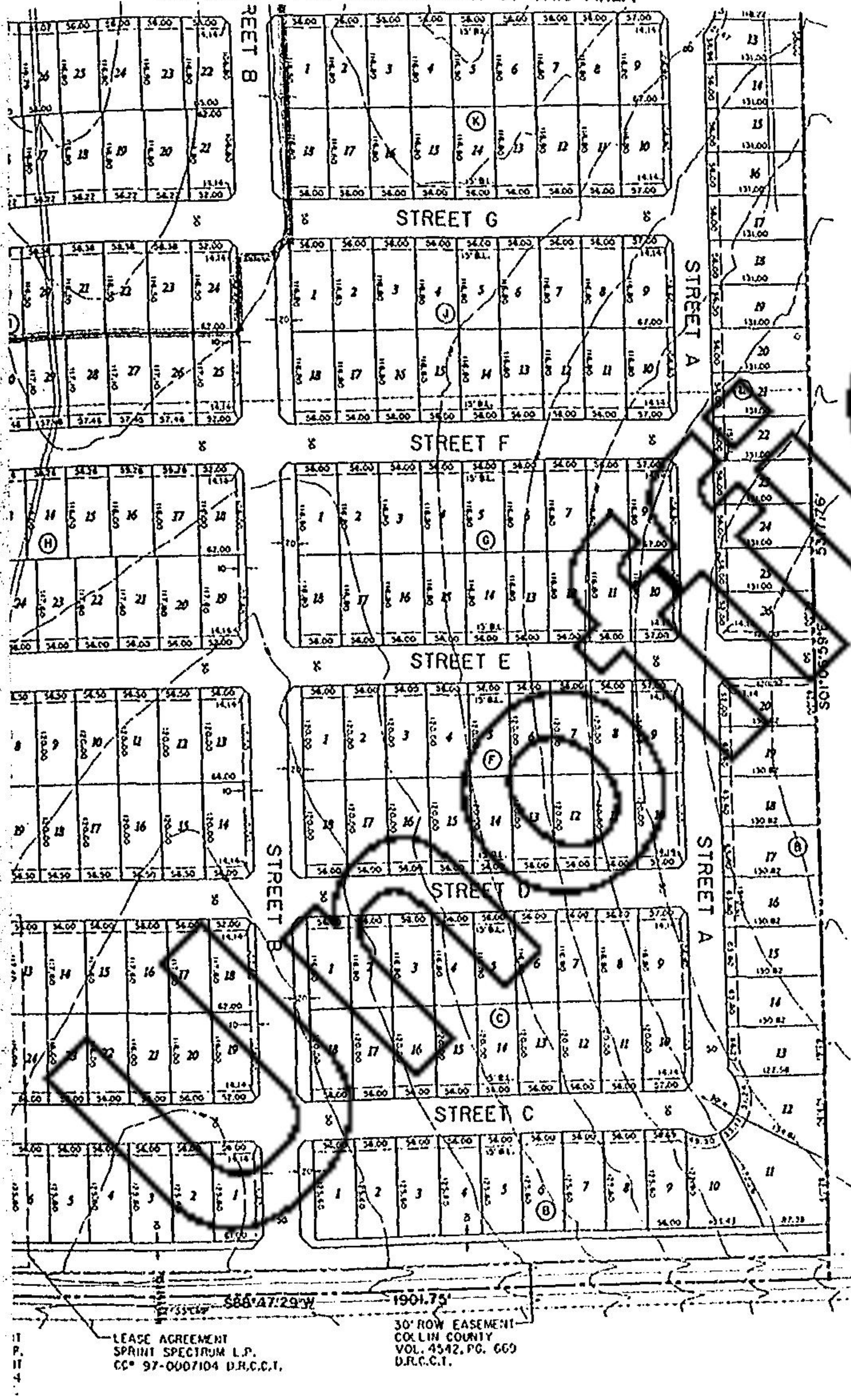
LEASE AGREEMENT
 SPRINT SPECTRUM L.P.
 25' ACCESS EASEMENT
 CC# 97-000710
 D.R.C.C.T.



LOT TYPE	TOTAL LOTS
'A' LOT	567
'B' LOT	208
'C' LOT	86
TOTAL:	861

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SEE SHEET 2 FOR CONTINUATION OF THIS AREA



- GENERAL NOTES:
1. WATER AND SANITARY SEWER SERVICE TO BE PROVIDED BY:
CITY OF CELINA
DEPARTMENT OF PUBLIC WORKS.
 2. ELECTRIC UTILITY SERVICE TO BE PROVIDED BY:
GRAYSON-COLLIN ELECTRIC COOPERATIVE
DAVID MCGINNIS (GENERAL MANAGER)
P.O. BOX 548, 902 NORTH WACO
VAN ALSTYNE, TEXAS 75495
19031 482-7100, 19031-382-5206
 3. NATURAL GAS UTILITY TO BE PROVIDED BY:
TXU ELECTRIC & GAS
PATRICK LEDDETTEN (NEW CONSTRUCTION MANAGER)
400 W. VIRGINIA, ARLINGTON, TEXAS 75009
19721 569-6311, 19721-569-6319
 4. DIMENSIONS ON THIS PRELIMINARY PLAT ARE SUBJECT TO MINOR CHANGES BASED ON FINAL ENGINEERING AND FINAL PLAT APPROVAL.
 5. FEMA 100-YR FLOODPLAIN (ZONE A) TO BE CHANGED VIA CHANNEL MODIFICATION, TO BE CONSISTENT WITH THE PROPOSED SUBDIVISION IMPROVEMENTS AND APPROVED BY FEMA.
 6. OPEN SPACES W-1 AND Z-1 TO BE OWNED AND MAINTAINED BY HOME OWNERS ASSOCIATION WITH PROVISIONS SET FORTH IN DEVELOPER'S AGREEMENT THEN DEDICATED TO CITY OF CELINA AS PUBLIC PARK. EXACT BOUNDARIES TO BE DETERMINED BY FINAL PLAT OF ADJACENT PHASE 3. ALL OTHERS TO BE OWNED AND MAINTAINED BY HOME OWNERS ASSOCIATION.
 7. SEE GENERAL DEVELOPMENT PLAN FOR APPROX. TRAIL ALIGNMENTS, LANDSCAPING AND SCREENING.
 8. A HOME OWNERS ASSOCIATION WILL BE REQUIRED AND WILL BE RESPONSIBLE FOR THE MAINTENANCE, UPKEEP, AND REPAIR OF THE PERIMETER FENCING.
- NOTE:
SEE SHEET 2 OF 3 FOR TYPICAL ROAD SECTION.

FRANCES W. BATES WELLS
Volume 773, Page 374

EXHIBIT C

'PRELIMINARY PLAT FOR REVIEW PURPOSES ONLY'
'ACCEPTED FOR PREPARATION OF FINAL PLAT'

SUBMITTED FOR REVIEW JULY, 2002
PRELIMINARY PLAT
THE CARTER RANCH
AN ADDITION TO THE CITY OF CELINA, TEXAS
265.3 ACRES
SITUATED IN THE
SHELBY GLASS SURVEY, Abstract No. 346
JOHN CAHILL SURVEY, Abstract No. 171

CHAIRMAN
PLANNING AND ZONING
COMMISSION

CITY SECRETARY
CITY OF CELINA
CITY OF CELINA, TEXAS

DATE

DATE

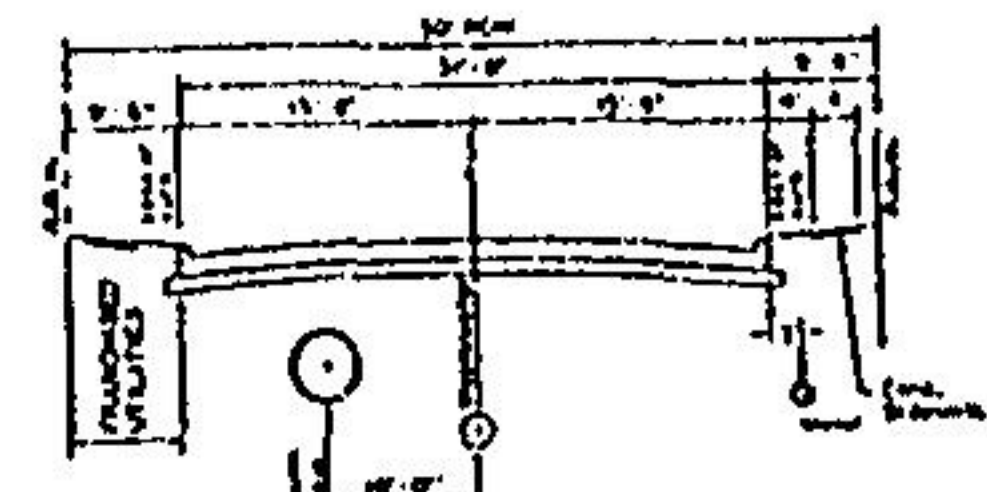
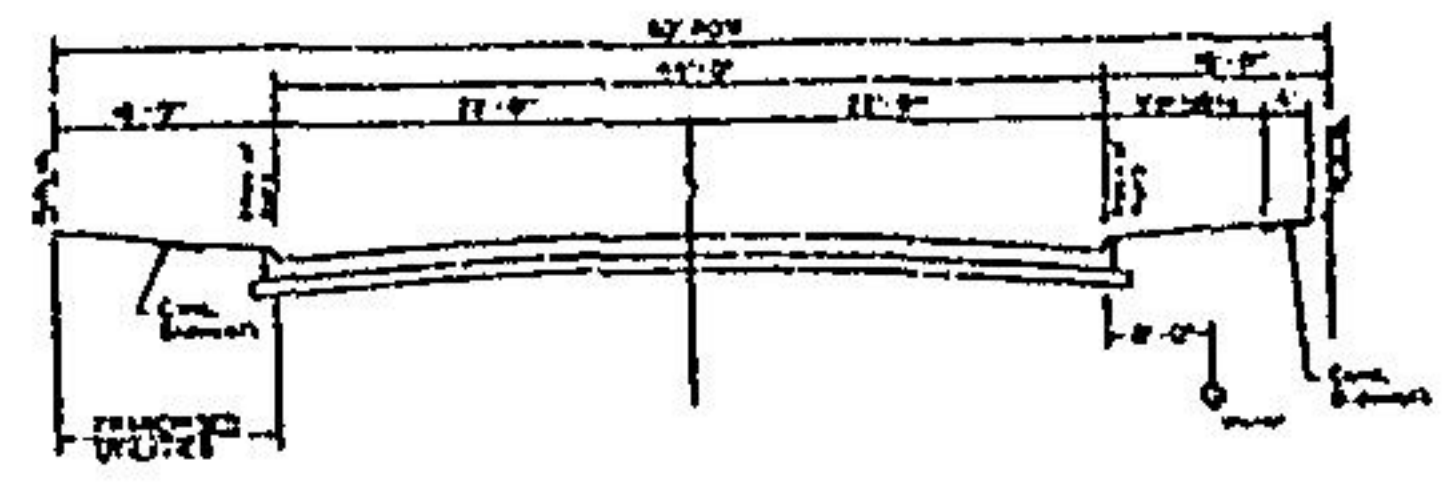
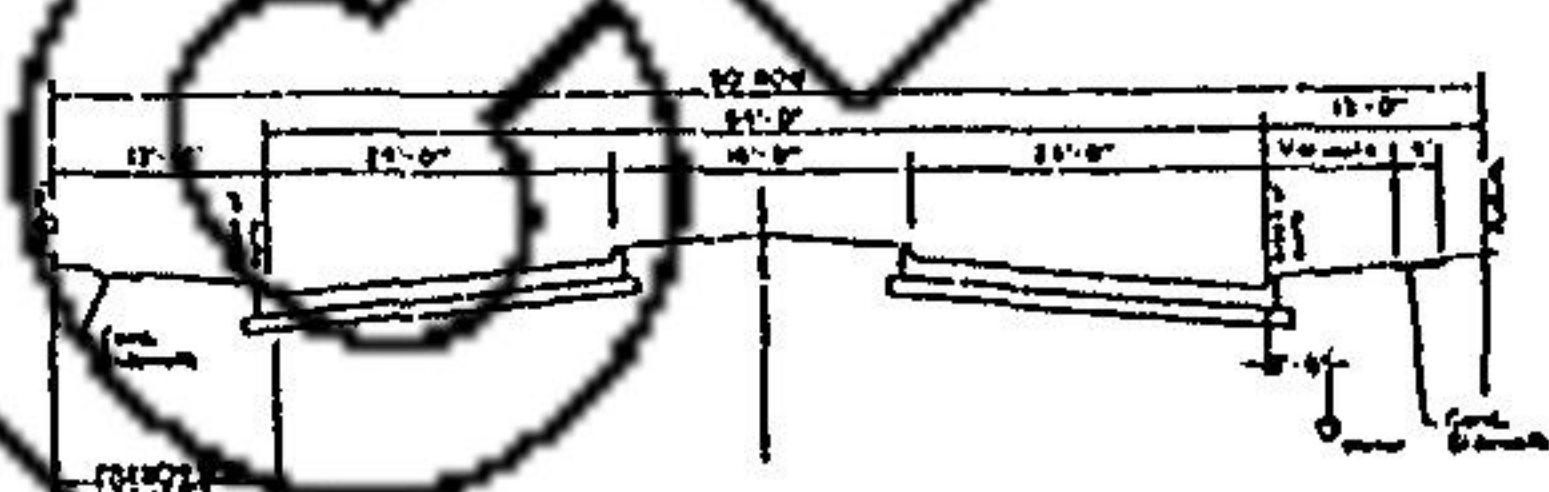
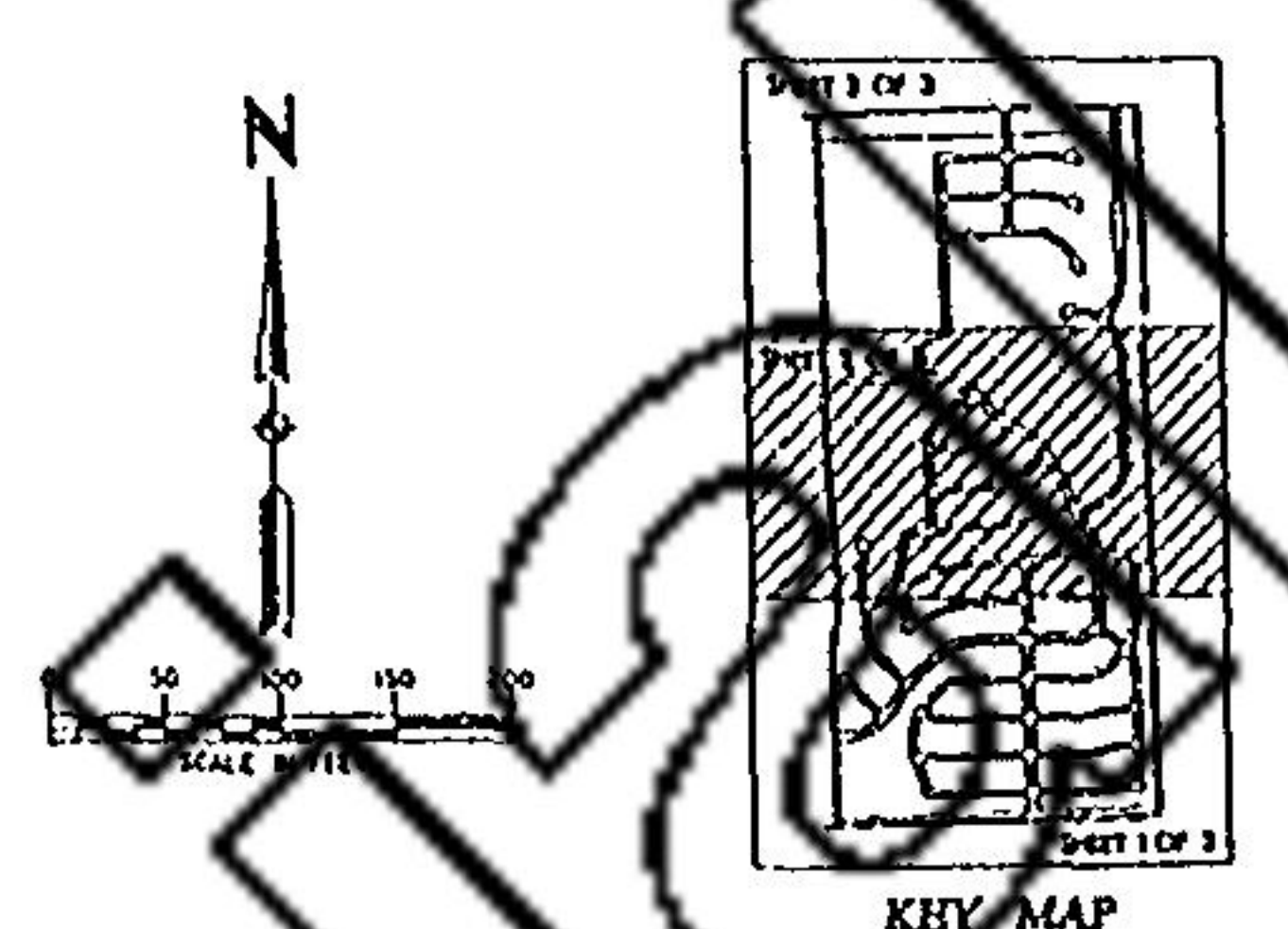
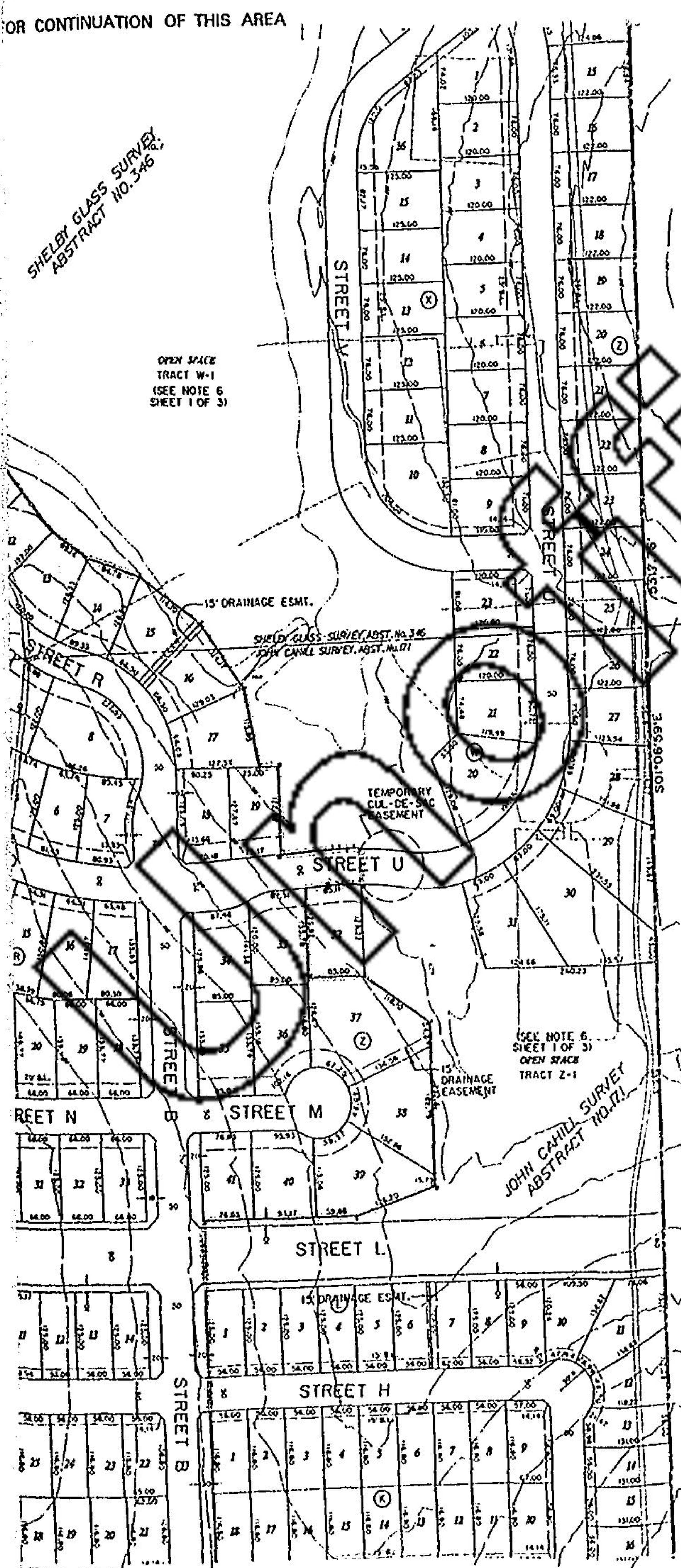
PREPARED FOR:
**CENTURION AMERICAN
DEVELOPMENT GROUP**
1906 Industrial Blvd., Colleyville, Texas 76034
Phone (817) 421-3700 Fax (817) 421-2356

PREPARED BY:
HUITT-ZOLLARS
1105 E. 24th St., Suite 100, Dallas, Texas 75204
Phone (214) 871-3201 Fax (214) 871-0257

OR CONTINUATION OF THIS AREA

SHELBY GLASS SURVEY
ABSTRACT NO. 346

OPEN SPACE
TRACT W-1
(SEE NOTE 6
SHEET 1 OF 3)



FRANCES W. BATES WELLS
VOLUME 773, PAGE 374

* SEE GENERAL NOTES SHEET 1.

EXHIBIT C

SUBMITTED FOR REVIEW JULY, 2002
PRELIMINARY PLAT

THE CARTER RANCH
AN ADDITION TO THE CITY OF CELINA, TEXAS
265.3 ACRES
SITUATED IN THE
SHELBY GLASS SURVEY, Abstract No. 346
JOHN CAHILL SURVEY, Abstract No. 171

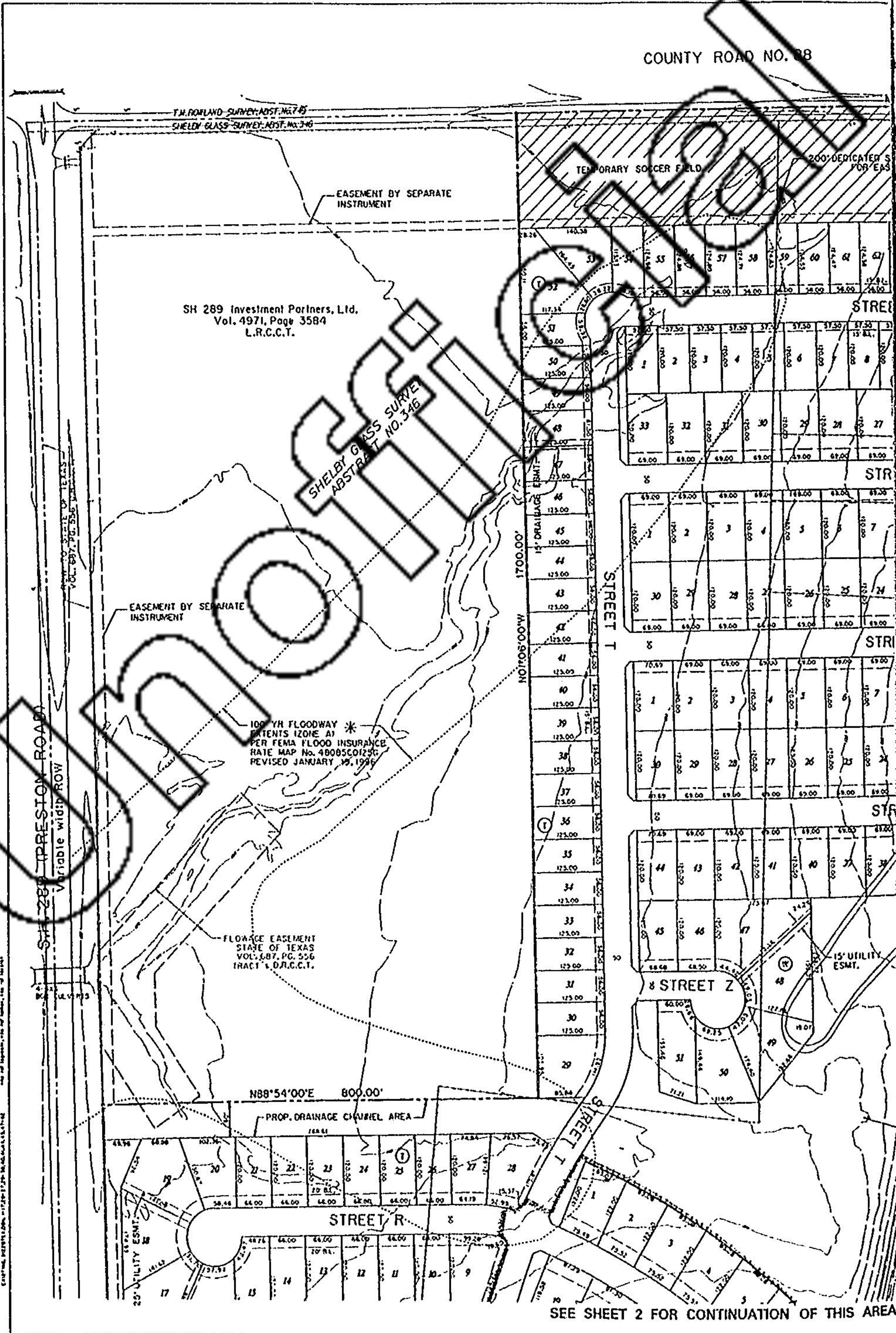
PREPARED FOR:
**CENTURION AMERICAN
DEVELOPMENT GROUP**
1505 Industrial Blvd., Colleyville, Texas 76004
Phone (817) 421-3040 Fax (817) 421-2306

PREPARED BY:
HUITT-ZOLLARS
H. B. Zoller, Inc. Engineering/Architecture
328 Murray Ave., Ste. 800 Dallas, Texas 75204
Phone (214) 751-5251 Fax (214) 751-6752

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5499 008057

COUNTY ROAD NO. 88



SH 289 Investment Partners, Ltd.
Vol. 4971, Page 3584
L.R.C.C.T.

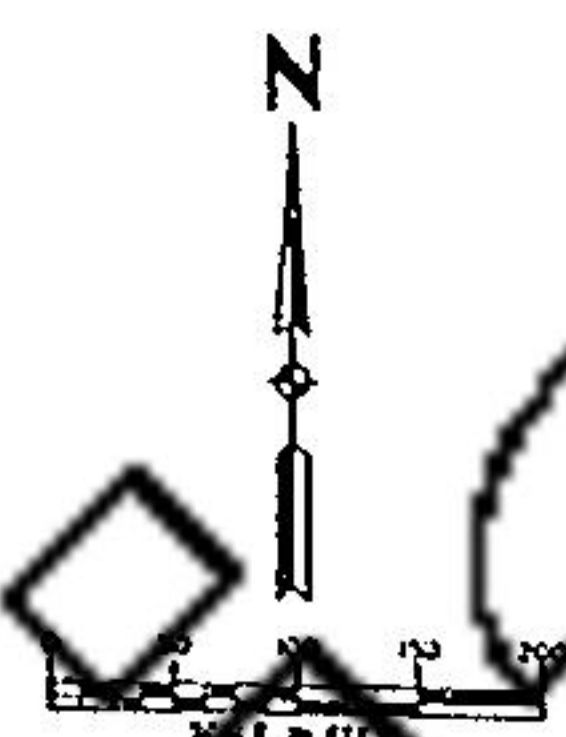
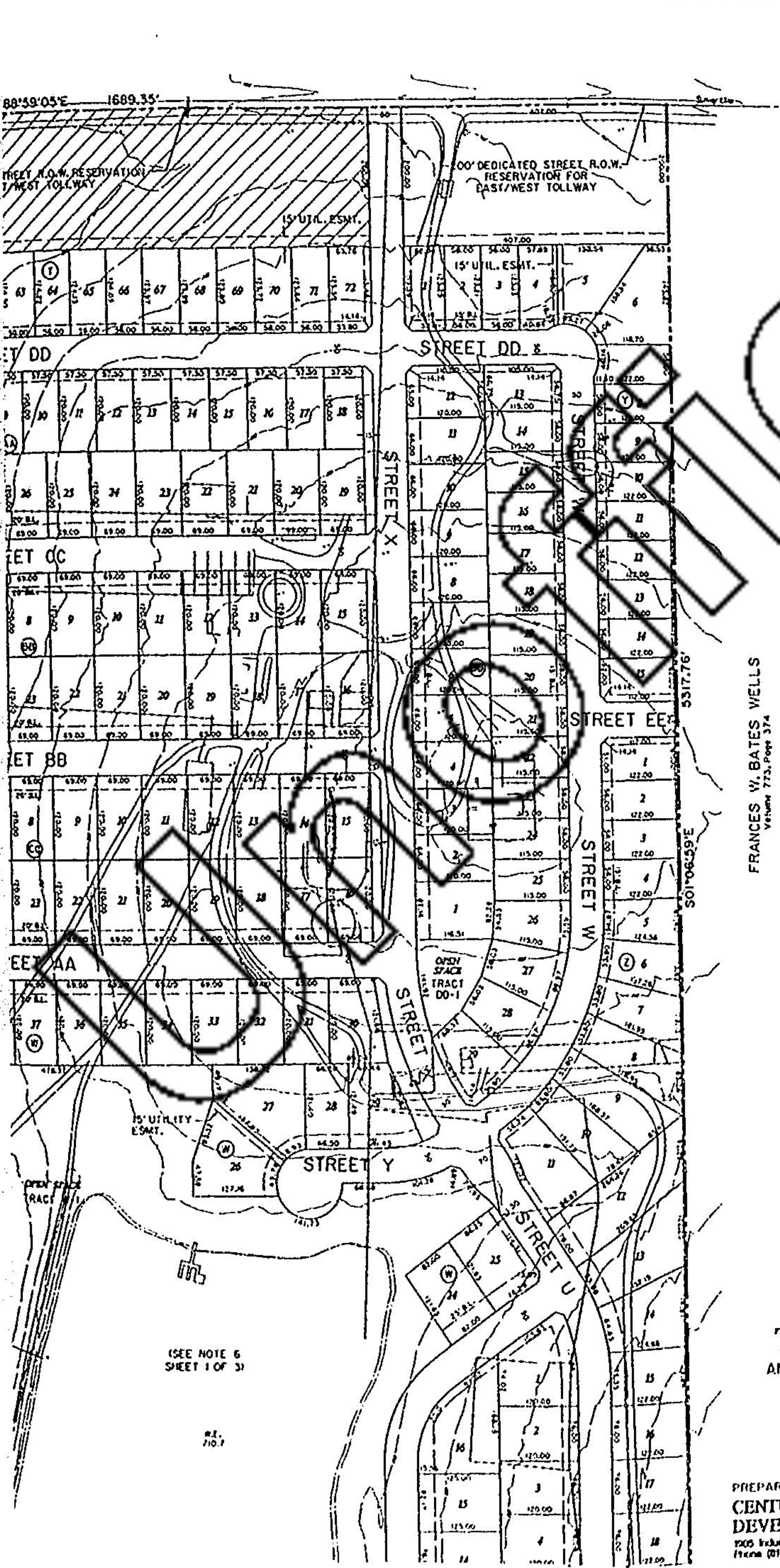
SHELBY GLASS SURVEY
ABSTRACT NO. 346

Variable width ROW
VOL. 697, PG. 556

25' UTILITY ESMT.
17

SEE SHEET 2 FOR CONTINUATION OF THIS AREA

5499 008058



* SEE GENERAL NOTES SHEET 1.
SEE SHEET 2 OF 3 FOR TYPICAL ROAD SECTION

FRANCES V. BATES WELLS
Volume 773, Page 374

EXHIBIT C

SUBMITTED FOR REVIEW JULY, 2002
PRELIMINARY PLAT

THE CARTER RANCH
AN ADDITION TO THE CITY OF CELINA, TEXAS
265.3 ACRES
SITUATED IN THE
SHELBY GLASS SURVEY, Abstract No. 346
JOHN CAHILL SURVEY, Abstract No. 171

PREPARED FOR:
**CENTURION AMERICAN
DEVELOPMENT GROUP**
1205 Industrial Blvd., Colleyville, Texas 75034
(Texas) (817) 421-3044 Fax (817) 421-2306

PREPARED BY:
HUITT-ZOLIARS
Hilt-Zolins Inc. Engineering/Architecture
301 Murray Ave., Ste 800 Dallas, Texas 75204
Phone (214) 671-3211 Fax (214) 671-0557

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EXHIBIT D

**ARTICLES OF INCORPORATION
OF
CELINA CARTER RANCH HOMEOWNERS' ASSOCIATION, INC.
(A Non-Profit Corporation)**

The undersigned natural person of the age of eighteen (18) years or more, acting as the sole incorporator of a corporation under the Texas Non-Profit Corporation Act, does hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE ONE

The name of the corporation is Celina Carter Ranch Homeowners' Association, Inc.

ARTICLE TWO

The corporation is a non-profit corporation.

ARTICLE THREE

The period of its duration is perpetual.

ARTICLE FOUR

The purposes for which the corporation is organized are to exercise all powers and privileges and perform all duties and obligations of the corporation as granted and required in the Declaration of Covenants, Conditions and Restrictions for Carter Ranch (to be) recorded in the Records of Collin County, Texas (the "Declaration"), and to be treated as a homeowners' association within the meaning of the Internal Revenue Code, and to do all other things necessary and proper to accomplish any and all of the purposes and to exercise such of the general powers of a non-profit corporation.

ARTICLE FIVE

The corporation shall have members as provided in the Declaration.

ARTICLE SIX

The address of its initial registered office is 13111 N. Central Expwy., Suite 200, Dallas, Texas 75243 and the name of its initial registered agent at such address is Lennar Homes.

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ARTICLE SEVEN

The number of directors constituting the initial Board of Directors is three (3) and the name and address of the person who is to serve as the director of the corporation for the term set forth opposite his name or until his successor is elected and qualified is:

<u>NAME</u>	<u>ADDRESS</u>	<u>INITIAL TERM OF OFFICE</u>
Mehrdad Moayedi	3901 Airport Freeway Suite 200 Bedford, Texas 76021	Until first election
Jeff Kullman	12720 Hillcrest Rd. # 408 Dallas, Texas 75230	Until first election
Tara Case	12720 Hillcrest Rd. # 408 Dallas, Texas 75230	Until first election

The right of members to cumulative voting in the election of directors is expressly prohibited.

ARTICLE EIGHT

The address of the incorporator is 13111 N. Central Expwy., Suite 200, Dallas, Texas 75243.

ARTICLE NINE

Except as may be provided in the By-Laws of the corporation, the power to alter, amend, or repeal the By-Laws or to adopt new By-Laws of the corporation shall be by the affirmative vote or written consent, or combination thereof, of Voting Members representing seventy percent (70%) of the total votes in the Association, provided however, the By-Laws made by the Board of Directors and the power so conferred may be repealed or changed by action of the members.

ARTICLE TEN

Any action authorized or required by the Texas Non-Profit Corporation Act to be taken at any annual or special meeting of members, board of directors, or any committee thereof, or any action which may be taken at any annual or special meeting of members, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall have been signed by the holder or holders of a sufficient number of votes to take such action at a meeting at which all members were present and voted.

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ARTICLE ELEVEN

No director of the corporation shall be liable to the corporation or its members for monetary damages for an act or omission in the director's capacity as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its members, (2) for acts or omissions not in good faith that constitute a breach of duty of the director to the corporation or an act or omission that involves intentional misconduct or a knowing violation of law, (3) for any transaction from which the director received an improper benefit, whether or not the benefit resulted from an act taken within the scope of the director's office, and (4) for acts or omissions for which the liability of a director is expressly provided by statute. Any repeal or amendment of this Article by the members of the corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the corporation existing at the time of such repeal or amendment. In addition to the circumstances in which a director of the corporation is not personally liable as set forth in the preceding sentences, a director shall not be liable to the fullest extent permitted by any amendment to the Texas statutes hereafter enacted that further limits the liability of a director.

ARTICLE TWELVE

The corporation is a non-profit corporation, without capital stock, organized solely for the purposes specified in Article Four, and no part of its property, whether income or principal, shall ever inure to the benefit of any director, officer, or employee of the corporation, or any individual having a personal or private interest in the activities of the corporation, nor shall any such director, officer, employee, or individual receive or be lawfully entitled to receive any profit from the operations of the corporation except a reasonable allowance for salaries and other compensation for personal services actually rendered in carrying out the corporation's stated purposes.

ARTICLE THIRTEEN

These Articles may be amended by the affirmative vote or written consent of Owners owning at least 70% of the Lots, provided that so long as the Class B membership provided for in Section 5.2(b) of the Declaration exists, Declarant may determine whether any amendment of these Articles shall require the prior written approval of VA.

IN WITNESS WHEREOF, the undersigned has set his hand on ____ of _____,

2002.

Tara Case, Incorporator

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EXHIBIT E
BYLAWS
OF
CELINA CARTER RANCH HOMEOWNERS' ASSOCIATION, INC.

ARTICLE 1
NAME, PRINCIPAL OFFICE, DEFINITIONS

Section 1.1 **Name.** The name of the Association shall be Celina Carter Ranch Homeowners' Association, Inc. (the "**Association**").

Section 1.2 **Principal Office.** The principal office of the Association in the State of Texas shall be located in Dallas or Collin County. The Association may have such other offices, as the Board may determine or as the affairs of the Association may require.

Section 1.3 **Definitions.** Capitalized terms used herein but not defined shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Carter Ranch recorded in the Records of Collin County, Texas (the "**Declaration**").

ARTICLE 2
ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

Section 2.1 **Membership.** The Association shall have two classes of membership, as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2.2 **Place of Meeting.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the board of directors of the Association (the "**Board**") either within the Property or as convenient thereto as possible and practical.

Section 2.3 **Annual Meetings.** The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the Association's incorporation date. Meetings shall be of the members entitled to vote or their alternates (the "**Voting Members**"). Subsequent regular Annual Meetings shall be set by the Board on a date and at a time so as to occur no more than one hundred and twenty (120) days prior to and no more than one hundred twenty (120) days after the anniversary date of the incorporation of the Association. At the Annual Meetings, the quorum for conducting business shall be ten percent (10%) of the total eligible combined Class A and Class B Members in the Association.

Section 2.4 **Special Meetings.** The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board or upon a petition signed by Voting Members representing at least fifty-one percent (51%) of the total Class A votes of the Association. The notice of any special meeting shall state the date, time, and place

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of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 2.5 Notice of Meetings. Except as otherwise provided in the Declaration, written or printed notice stating the place, day, and hour of the meeting of the Voting Members shall be delivered, either personally or by mail, to each Voting Member, no less than five (5) or more than sixty (60) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his or her address as it appears on the records of the Association, with postage prepaid.

Section 2.6 Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 2.7 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting, either in person or by alternate, may adjourn the meeting to a time no less than five (5) or more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, a quorum shall constitute ten percent (10%) of the total eligible Class A and Class B votes in the Association, and if such number of votes are present, any business which might have been transacted at the meeting originally called may be transacted. If 10% of the total eligible Class A and Class B votes in the Association are not present at any such reconvened meeting, then a majority of the Voting Members who are present at such reconvened meeting, either in person or by alternate, may adjourn the meeting to a time no less than three (3) or more than ten (10) days from the time the reconvened meeting was called. At the second reconvened meeting, a quorum shall constitute a majority of the Board. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after an adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

Section 2.8 Voting. The voting rights of the members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein. Except as otherwise specifically provided herein or in the Declaration, the vote allocated to each Lot shall be cast only by the Voting Member.

Section 2.9 Proxies. Voting Members may vote by proxy as permitted by the

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Texas Non-Profit Corporation Act.

Section 2.10 **Majority**. As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

Section 2.11 **Quorum**. Except as provided in Section 2.7 with respect to adjourned meetings of the Association, the presence in person or by alternate of the Voting Members representing a majority of the total eligible Class A and Class B votes in the Association shall constitute a quorum at all meetings of the Association.

Section 2.12 **Conduct of Meetings**. The President (or, in his absence, the Vice President) shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 2.13 **Action without a Meeting**. Any action required by law to be taken at a meeting of the Voting Members, or any action which may be taken at a meeting of the Voting Members, may be taken without a meeting if written consent setting forth the action so taken is signed by a number of Voting Members sufficient to take such action as if all Voting Members were present and voted on such action.

ARTICLE 3

BOARD: NUMBER, MEETINGS, POWERS

COMPOSITION AND SELECTION

Section 3.1 **Governing Body; Composition**. The affairs of the Association shall be governed by a Board of directors, each of whom shall have one (1) vote. Except with respect to the initial directors appointed in the Articles of Incorporation, the directors shall be members or spouses of members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of a member which is a corporation or partnership, the person designated in writing to the Secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

Section 3.2 **Number of Directors**. The number of directors in the Association shall be no less than three (3) or more than five (5). The initial Board shall consist of three (3) directors as identified in the Articles of Incorporation. The Board may be increased in size by majority vote of the then-existing board.

Section 3.3 **Election and Term of Office**.

(a) At the first Annual Meeting following the Development Period, which expires on the earlier to occur of the date that Declarant (1) sells its last Lot, or (2) voluntarily terminates its Class B status, the Voting Members shall elect three (3) directors, who need not be Members, to replace the existing ones, who may have been appointed by Declarant. At such election, one director shall be elected for terms of three (3) years, (2) years, and (1) year, respectively, under such procedures as the Board may determine. At the expiration of each director's initial term and at each Annual Meeting thereafter, successors for each director whose term is expiring shall be elected to serve for a term of

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one (1) year.

(b) Each Voting Member shall be entitled to cast all votes attributable to the Lots which it represents with respect to each vacancy to be filled from each slate on which such Voting Member is entitled to vote. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The directors elected by the Voting Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

Section 3.4 Removal of Directors and Vacancies. Any director elected by the Voting Members may be removed, with or without cause, by a majority of both the Class A votes and the Class B votes of the Association. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected by the remaining directors.

Any director elected by the Voting Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any Assessment or other charge due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor to fill the vacancy for the remainder of the term.

MEETINGS

Section 3.5 Organizational Meetings. The first meeting of the Board following each annual meeting of the membership shall be held within sixty (60) days thereafter at such time and place as shall be fixed by the Board.

Section 3.6 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one (1) such meeting shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated to directors no less than five (5) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of such meeting.

Section 3.7 Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by any two (2) directors. The notice shall specify the time and place of the meeting. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office home who would reasonably be expected to communicate such notice promptly to the director; or (d) by fax, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least five (5) days before the time set for the meeting. Notices given by personal delivery, telephone, or fax, shall be delivered, telephoned or faxed at least seventy-two (72) hours before the time set for the meeting.

Section 3.8 Waiver of Notice. The transactions of any meeting of the Board,

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however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.9 Quorum of Board. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time no less than five (5) or more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.10 Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total votes of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 3.11 Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of meetings of the Board, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings.

Section 3.12 Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a number of directors sufficient to take such action if all directors were present and voted on such action.

POWERS AND DUTIES

Section 3.13 Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not directed to be done and exercised exclusively by the Voting Members or the membership generally by the Declaration, Articles of Incorporation, or these By-Laws.

The Board shall delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

Section 3.14 Management. The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers

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granted to the Board by these By-Laws that can properly be delegated. Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

Section 3.15 **Accounts and Reports.** The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(f) financial reports shall be prepared for the Association at least annually containing:

(1) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(2) a statement reflecting all cash receipts and disbursements for the preceding period;

(3) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(4) a balance sheet as of the last day of the preceding period; and

(5) a delinquency report listing all Owners who are delinquent in paying any Assessments at the time of the report and describing the status of any action to collect such Assessments which remain delinquent (any Assessment or installment thereof shall be considered to be delinquent on the fifteenth (15th) day following the due date unless otherwise determined by the Board); and

(g) an annual report consisting of at least the following shall be available to all members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year.

Section 3.16 **Borrowing.** The Board shall have the power to borrow money for the purpose of maintenance, repair or restoration of Common Area without the approval of the Voting Members. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Voting Member approval in the same manner provided in the Declaration for Special Assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 3.17 **Rights of the Association.** With respect to the Common Area, and in

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accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Such agreements shall require the consent of a majority of the total number of directors of the Association.

Section 3.18 Enforcement. The Board shall have the power to impose reasonable fines (which shall not exceed Five Hundred And No/100 Dollars (\$500.00) per occurrence), which shall constitute a lien upon the Lot of the violating Owner as provided in Article 6, Section 6.5(b) of the Declaration, and to suspend an Owner's right to vote or any person's right to use the Common Area for violation of any duty, covenant, restriction or obligation imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted by the Association's Board of Directors. If any occupant, guest or invitee of a Lot violates the Declaration, By-Laws, or a rule or regulation adopted by the Board of Directors of the Association, and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by such occupant, guest or invitee within the time period designated by the Board, the Owner shall pay the fine upon demand from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation duly adopted by the Board of Directors of the Association shall not be a waiver of the right of the Board to do so thereafter.

(a) **Notice.** Prior to the imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice (the "Notice of Violation") setting forth the following:

- (i) Describe the nature, description and location of the alleged violation and notification that if the violation is corrected within fifteen (15) days from the date of the Notice of Violation, no further action will be taken;
- (ii) Notification that if the violation is not corrected or eliminated within fifteen (15) days from the date of the Notice of Violation, a fine may be imposed and that any attorneys' fees incurred by the Association in eliminating or abating the violation will be charged to the violator's account;
- (iii) The recipient must cease all work which has been deemed a violation and, within fifteen (15) days from the date of the Notice of Violation, must submit the plans and specifications for any such work to the ACC for approval;
- (iv) Failure to cease work which is the subject of the Notice of Violation shall permit the Association to pursue any one or more of the remedies available by law, under the Declaration or these By-Laws; and
- (v) The Notice of Violation shall be sent to the violator by certified mail, return receipt requested, and shall advise the violator that he or she has the right to request a hearing on or before the thirtieth (30th) day after the date the violator receives the Notice of Violation. The

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hearing, if one is requested in a timely manner, will be held before the Covenants Committee (defined below, if appointed by the Board) or the Board of Directors. In the event a Covenants Committee has been appointed by the Board of Directors, the Notice of Violation shall also advise the violator that the Covenants Committee's decision may be appealed to the Board of Directors by written notice of appeal as set forth below.

(b) **Hearing.** If a written request for hearing is received by the manager, if any, President or Secretary of the Association on or before the thirtieth (30th) day after the date the violator receives the Notice of Violation, the Covenants Committee, if one is appointed, or the Board of Directors, shall hold a hearing not later than the thirtieth (30th) day after the date of receipt of the written request for hearing. The Covenants Committee or the Board of Directors, as appropriate, shall notify the violator of the date, time and place of the hearing not later than the tenth (10th) day before the date of the hearing. Any notice requirements set forth herein shall be satisfied if a copy of the Notice of Violation, with a statement as to the date and method of delivery, is entered in the minutes of the meeting or, alternatively, if the alleged violator appears at the hearing. The Covenants Committee, the Board or the violator may request a postponement and, if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. The violator's presence is not required to hold a hearing.

(c) **Appeal.** In the event a hearing has been conducted before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. In order to perfect this right, a written notice of appeal must be received by the manager, if any, President or Secretary of the Association within ten (10) days after the day written notice of the Covenants Committee's decision is sent to the violator.

(d) **Repeated Violation of the Same Provision of the Declaration, Bylaws or Rules and Regulations of the Association.** Whenever an Owner or occupant, who has previously cured or eliminated a violation after receipt of a Notice of Violation, commits a separate violation of the same provision of the Declaration, By-Laws or rules and regulations of the Association within six (6) months from the date of the first Notice of Violation, the Board shall reinstate the violation and pursue the procedures set forth herein as if the violation had never been cured or eliminated. For purposes of illustration only, in the event an Owner or occupant has cured a violation after having received a Notice of Violation, the second violation of the same provision shall prompt the Board to send notice to the Owner or occupant that a violation fine has been imposed.

Section 3.19 **Additional Enforcement Rights.** The Association, acting through the Board, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help or by suit at law or in equity to enjoin any violation or to recover monetary damages or both or an action to foreclose the lien against any Lot without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees and expenses actually incurred.

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ARTICLE 4
OFFICERS

Section 4.1 **Officers**. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 4.2 **Election, Term of Office, and Vacancies**. The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Voting Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 4.3 **Removal**. Any officer may be removed by majority vote of the Board whenever, in the Board's judgment, the best interests of the Association shall be served thereby.

Section 4.4 **Powers and Duties**. The officers of the Association shall each have such powers and duties as generally associated with their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget and reports as provided for herein and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 4.5 **Resignation**. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.6 **Agreements, Contracts, Deeds, Leases, Checks, Etc.** All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board.

ARTICLE 5
COMMITTEES

Section 5.1 **General**. The Board is authorized to establish committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee established by the Board shall operate in accordance with the terms of the resolution of the Board designating the committee and such rules as are adopted by the Board.

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Section 5.2 **Covenants Committee**. The Board may appoint a "**Covenants Committee**" consisting of at least five (5) and no more than seven (7) Voting Members, who shall be appointed to serve a term of one (1) year and may, in the discretion of the Board, be appointed for any number of consecutive terms of one (1) year each. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.18.

ARTICLE 6 **MISCELLANEOUS**

Section 6.1 **Fiscal Year**. The fiscal year of the Association shall be set by resolution of the Board. In the absence of a resolution, the fiscal year shall be equal to the calendar year.

Section 6.2 **Parliamentary Rules**. Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 6.3 **Conflicts**. If there are conflicts between the provisions of Texas law, the Articles of Incorporation, the Declaration, and/or these By-Laws, then the provisions of Texas law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 6.4 **Books and Records**.

(a) **Inspection by Members and Mortgagees**. The Declaration, By-Laws, Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the members, the Board, and committees shall be made available for inspection and copying by any Owner, or any holder, insurer or guarantor of a first mortgage on a Lot at any reasonable time during reasonable business hours and for a purpose reasonably related to his or her interest in the Lot at the office of the Association or at such other place within the Property as the Board shall prescribe. Any such request must be in writing and shall state the purpose for which the inspection is requested. The Board may impose a reasonable fee for costs of copying any such information, which shall be payable in advance.

(b) **Rules for Inspection**. The Board shall establish reasonable rules with respect to: (1) notice to be given to the custodian of the records; (2) hours and days of the week when such an inspection may be made; and (3) payment of the cost of reproducing copies of documents requested.

(c) **Inspection by Directors**. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the reasonable expense of the Association.

Section 6.5 **Notices**. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in

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writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a member or Voting Member, at the address which the member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such member or Voting Member; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the members pursuant to this Section.

Section 6.6 Amendment. The Declaration may only be amended pursuant thereto. Except as otherwise specifically provided above and elsewhere in these By-Laws, these By-Laws may be amended only by the affirmative vote or written consent, or combination thereof, of Voting Members representing seventy percent (70%) of the total votes in the Association. Notwithstanding the above, the percentage of votes or other approval necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes or other approval required for action to be taken under that clause.

In addition, so long as the Class B membership provided for in Section 5.2(b) of the Declaration exists, Declarant may determine whether any amendment to these By-Laws shall require the prior written approval of HUD or VA.

If an Owner consents to an amendment to these By-Laws, it will be conclusively presumed that such Owner has the authority to so consent and no contrary provision in any mortgage or contract between Owner and a third party will affect the validity of such amendment.

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EXHIBIT F-1

By its acquisition and ownership of a Lot in the Property, each Owner acknowledges that:

(a) due to the topography of its Lot and the Property, water will, at times, flow through and over portions of its Lot from adjacent and surrounding Lots in order to achieve positive drainage away from all applicable Lots. No adverse action may be taken by said Owner(s) to the detriment of this positive drainage on its or adjacent Lots.

(b) the property adjacent to Carter Ranch is not owned or controlled by Declarant and it has hereby been advised to consult with the applicable departments of the City for any changes to and/or specific zoning information regarding its Lot, the Property and the zoning or proposed (re-)zoning of any adjacent property. It is also understood that there are no oral, written or implied representations or warranties regarding zoning or development of the Property or adjoining properties.

(c) its Lot may have "back-to-front" or "front-to-back" drainage. There may be a swale or swales over various portions of its Lot due to this drainage situation. The depth and width of any swales will vary depending on the elevations of its and adjacent Lots. The front and the rear portions of its Lot will not be level and no adjustments to the depth or severity of any swales should be made due to cosmetic or aesthetic concerns. Any alterations made after closing to any swales by an Owner may impact the drainage as well as any foundation warranty that it may own.

(d) its lot falls under the jurisdiction of the Carter Ranch Homeowners' Association, which requires mandatory affiliation thereto, including the payment of an annual fee (which may be payable on a quarterly or other basis) per Section 6.3 of the Declaration. In conjunction therewith, a proforma budget reflecting an estimate of the Association's expenses for the first full year of operation are attached. It will also incur a working capital contribution fee and a transfer fee per Section 6.5 of the Declaration, which it understands should be further reviewed for more detailed information regarding Association dues, assessments and restrictions.

(e) each Lot will be serviced by GCEC for electrical, by ONCOR for gas, by Southwestern Bell Telephone for telephone service, and Cable for cable service, although other service providers may utilize the utility easements and/or public rights-of-way throughout the Property.

(f) it understands and agrees that neither Declarant nor Builder has any responsibility as to the present condition or future maintenance of any trees on its Lot. Furthermore, it is understood that neither Declarant nor Builder makes any assurances, implied or stated, in regard to the survival of any trees during the construction process of building and completing a Residence on its Lot. It is also acknowledged that neither Declarant nor Builder has any liability consideration on trees either during construction or after a Residence is purchased and occupied on the Lot. It is further understood that each Owner assumes all responsibility for the maintenance and the condition of any trees on his Lot.

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EXHIBIT F-1

(g) any modifications or additions to its Residence or any Structure on its Lot requires prior submittal to and approval of plans and specifications by the Association's ACC pursuant to the Declaration. It is also understood that failure to so comply may result in the imposition of fines against the Owner and/or the removal of such modifications or additions at Owner's expense.

(h) there is no prescribed time for the construction or marketing by Builder or Declarant of a Residence on any Lot or the Lot itself. It is also understood that Builder and Declarant make no assurances regarding any established period of time during which Lots near the model homes or trailers of any Builder will remain vacant since the use of such homes or trailers is of an indeterminate length of time.

(i) there is an amenity center, which is planned for the Property and scheduled for completion in 2004.

(j) it should direct any issues, concerns or questions regarding the Common Area or the Association to the Managing Agent, whose name can be obtained by contacting the Builder or Declarant.

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EXHIBIT F-2

2002 Proforma Budget

INCOME

Annual Assessments(861 lots @ \$425) \$ 365,925

TOTAL INCOME \$ 365,925

EXPENSES

UTILITIES

Electricity \$ 32,000

Water/Sewer \$ 40,000

TOTAL UTILITES \$ 72,000

COMMON AREA/FACILITIES MAINTENANCE

Landscape Maintenance \$ 80,000

Landscape Improvement/Color \$ 20,000

Irrigation Repairs \$ 5,000

Natural Area Maintenance \$ 12,000

Cabana Maintenance \$ 2,500

Phase I Pool Service \$ 15,000

Phase I Pool Maintenance & Supplies \$ 6,000

Phase II and III Park Area Maintenance \$ 8,000

Ponds and Fountains Maintenance \$ 12,000

Walking Trail Maintenance \$ 3,000

Playground Maintenance \$ 5,000

Electrical Repairs \$ 6,000

Common Area Maintenance/Porter \$ 24,000

TOTAL COMMON AREA/FACILITIES MAINTENANCE 198,500

GENERAL & ADMINISTRATIVE

Professional Management \$ 41,400

Legal Fees \$ 1,000

Audit & Accounting \$ 1,500

Administrative Supplies/Postage \$ 3,500

Homeowner Functions \$ 1,000

TOTAL GENERAL & ADMIN. \$ 48,400

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EXHIBIT F-2

2002 Proforma Budget

INSURANCE & TAXES

Property & Liability Insurance	\$ 8,500
D & O Insurance	\$ 1,200
Property Tax	\$ 500

TOTAL INSURANCE & TAXES	\$ 10,200
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TOTAL EXPENSES	\$ 329,100
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OPERATING SURPLUS (DEFICIT)	\$ 36,825
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RESERVE CONTRIBUTION	\$ 36,825
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SURPLUS<DEFICIT>	\$ 0
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EXHIBIT F-3

Carter Ranch HOA 2003 Budget Narrative

Income

Annual Assessments: Reflects income billed at \$425 per year for 861 lots.

Expenses

Utilities

Electricity: To provide funds for common area electricity.

Water/Sewer: To provide funds for common area water usage payable to the City of McKinney.

Common Area/Facilities Maintenance

Landscape Maintenance: Provides for common area landscape maintenance. Based on existing contract and includes such things as mowing, edging, shrub trimming, fertilization and weed control.

Landscape Improvement/Color: Provides for seasonal color change outs.

Irrigation Repairs: Provides for repairs to the common area irrigation system including valve replacement, head replacement and line breaks.

Natural Area Maintenance: Provides for maintenance of the natural areas not included in the landscape contract.

Cabana Maintenance: Provides for minor repairs to the common area cabana.

Phase I Pool Service: Provides for routine cleaning of Phase I pool based on existing contract.

Phase I Pool Maintenance & Supplies: Provides for all necessary pool chemicals and minor equipment repairs.

Phase II and III Park Area Maintenance: Provides for routine maintenance of the parks.

Ponds and Fountains Maintenance: Provides for routine maintenance and repairs as needed.

Electrical Repairs: Provides for repairs to common area electrical components.

Common Area Maintenance/Porter: Provides for periodic cleaning and trash removal on common areas.

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EXHIBIT F-3

Carter Ranch HOA 2003 Budget Narrative

General & Administration

Professional Management: Based on contract services provide by SBB Management Company.

Legal Fees: To provide funds required for legal representation for the Association in all legal matters including ARC process, liability issues, defense costs and collection activity expense. All collection activity expense is billed to delinquent owners in an attempt to recover costs.

Audit & Accounting: To provide funds to audit the Association records for 2003.

Administrative Supplies/Postage: To provide funds for association mailing expenses and office supplies.

Homeowner Functions: Provides funds for Association sponsored social functions.

Insurance & Taxes

Provides funds for Directors and Officers Liability, Property Liability, General Liability and Association tax obligations.

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EXHIB

Screenin

Access and Mainte

COUNTY ROAD NO. 88

HYDROLOGIC STREET ADR
RESERVATION FOR
E-WEST TOLLWAY

20' DESIGNATED STREET ADR RESERVATION
FOR EASTWEST TOLLWAY

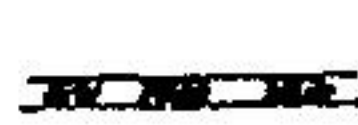
PARK
(25.9 AC)

PHASE 1

COMMERCIAL
RETAIL

LANDSCAPE BUFFER

S.H. 289 (I



Five-foot (5') wall maintenance easement

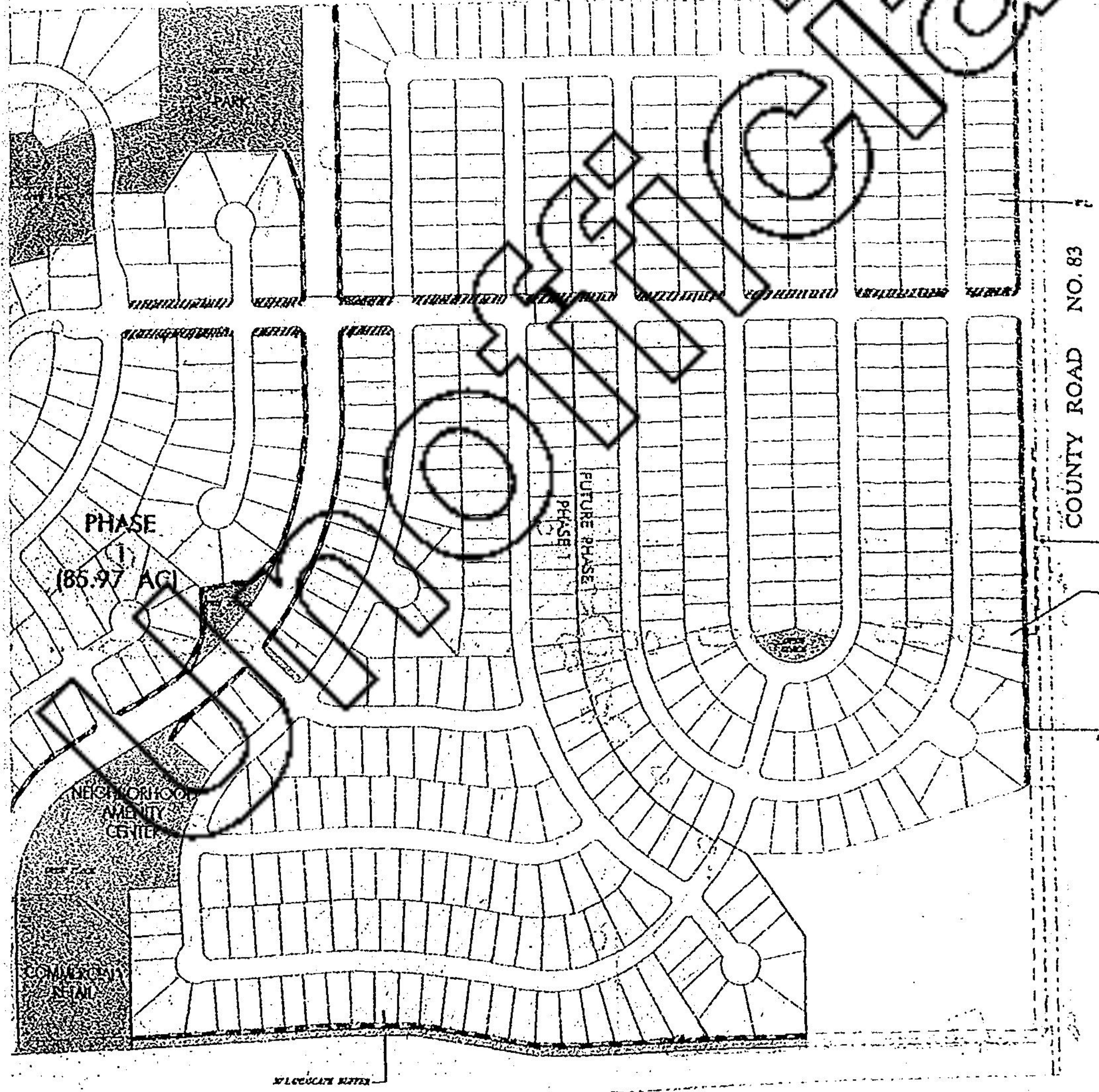


Twenty-foot (20') access and maintenance easements

IT "G"

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g Wall &
nance Easements



(RESTON ROAD)

*PRELIMINARY PLAN
ACCEPTED FOR

180800 6645 5499 008081

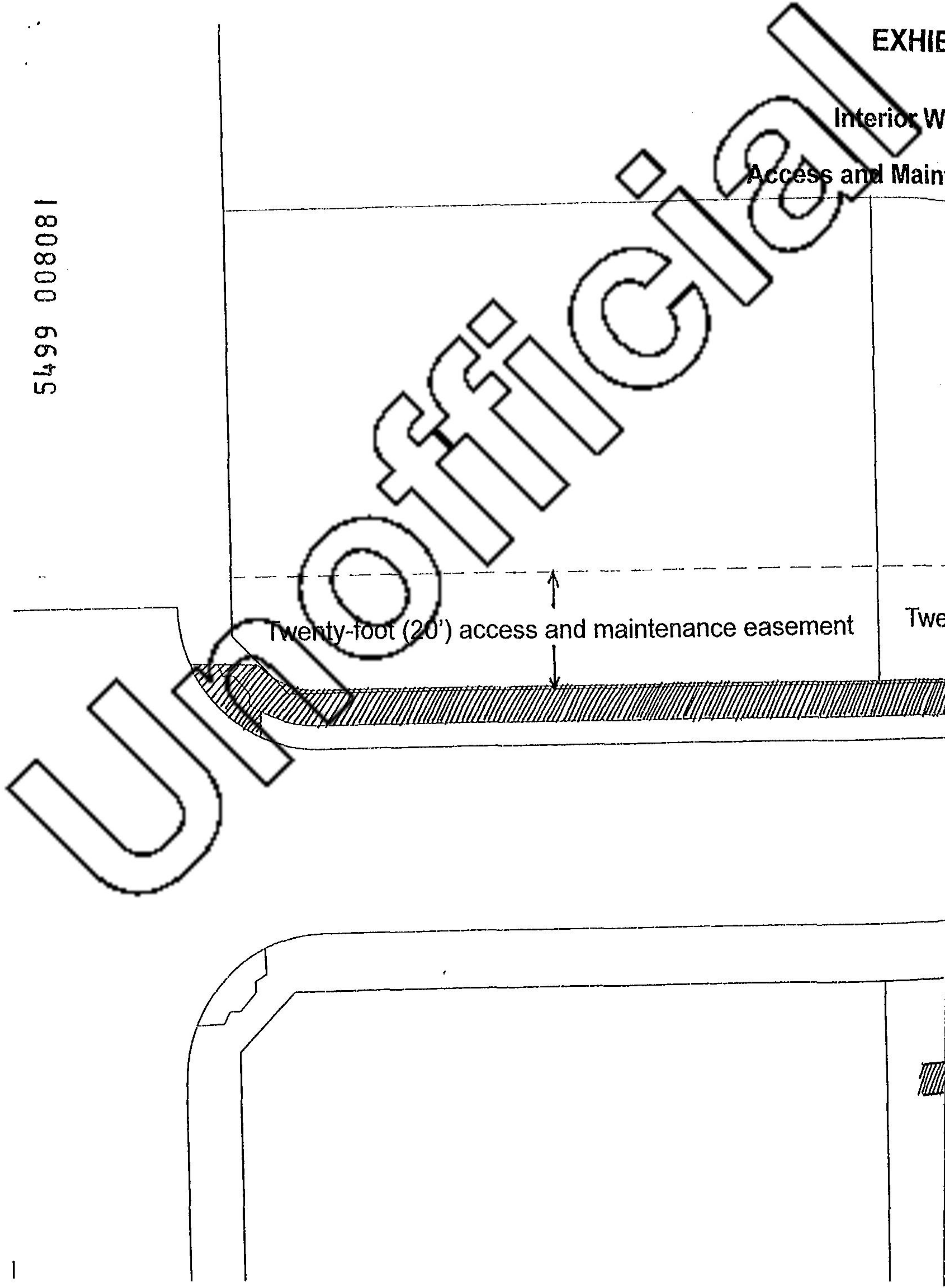
EXHIB

Interior W

Access and Main

Twenty-foot (20') access and maintenance easement

Twe



LOT "H"

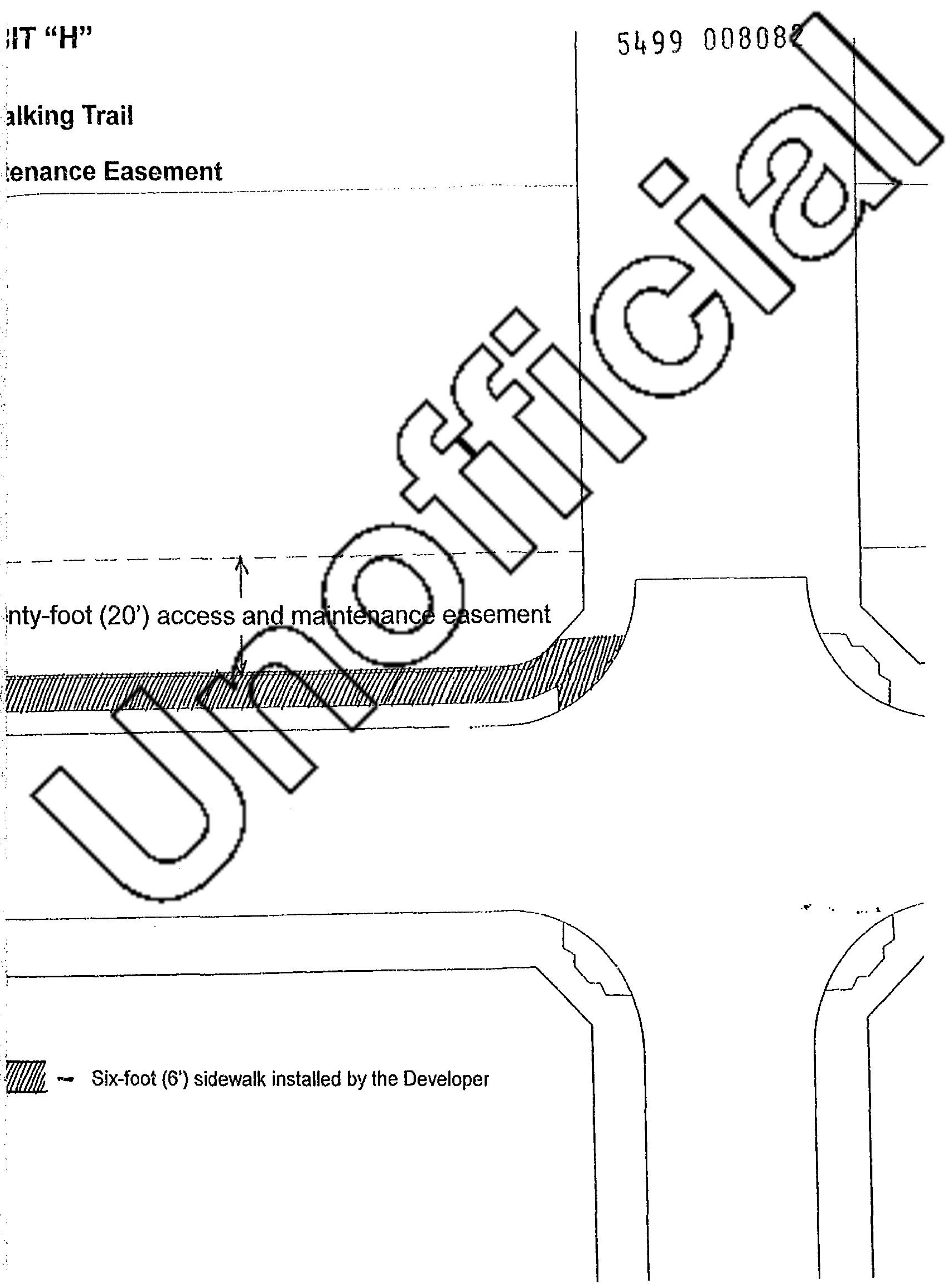
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Walking Trail

Maintenance Easement

Twenty-foot (20') access and maintenance easement

 Six-foot (6') sidewalk installed by the Developer



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Unofficial

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW
(THE STATE OF TEXAS) (COUNTY OF COLLIN)
I hereby certify that this instrument was FILED in the File Number Sequence on the date and the time stamped herein by me, and was duly RECORDED, in the Official Public Records of Real Property of Collin County, Texas on

SEP 10 2003

Brenda Taylor



Filed for Record in:
Collin County, McKinney TX
Honorable Brenda Taylor
Collin County Clerk

On Sep 10 2003
At 3:16pm

Doc/Num : 2003- 0182107

Recording/Type:FD 139.00
Receipt #: 36040