70 2007 00019817

Denton County
Cynthia Mitchell
County Clerk
Denton, Tx 76202

Instrument Number: 2007-19817

As

Restrictions

Recorded On: February 20, 2007

Parties: CHATEAU DU LAC

To

Billable Pages: 123

Number of Pages: 123

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Restrictions	504.00
Total Recording:	**504.00**

************** DO NOT REMOVE THIS PAGE IS PART OF THE INSTRUMENT **************

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.

File Information:

Document Number: 2007-19817

Receipt Number: 361579

Recorded Date/Time: February 20, 2007 11:39:36A

User / Station: C Robinson - Cash Station 2

Record and Return To:

RIDDLE AND WILLIAMS PC
3811 TURTLE CREEK BLVD STE 1050
DALLAS TX 75219

THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed heron, and was duly RECORDED in the Official Records of Denton County, Texas.

C Mitchell

County Clerk
Denton County, Texas



Denton County
Cynthia Mitchell
County Clerk
Denton, Tx 76202

Instrument Number: 2006-152750

As

Restrictions

Recorded On: December 15, 2006

Parties: CHATEAU DU LAC

To

Billable Pages: 125

Number of Pages: 125

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Restrictions	512.00
Total Recording:	**512.00**

REFILING DOCUMENT TO CORRECT
EXHIBIT D - INITIAL DESIGN GUIDELINES

************** DO NOT REMOVE THIS PAGE IS PART OF THE INSTRUMENT **************

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.

File Information:

Document Number: 2006-152750
Receipt Number: 345423
Recorded Date/Time: December 15, 2006 02:32:31P
User / Station: J Morris - Cash Station 1

Record and Return To:

RIDDLE AND WILLIAMS
3811 TURTLE CREEK BLVD
1050 TURTLE CREEK CENTRE
DALLAS TX 75219

THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed heron, and was duly RECORDED in the Official Records of Denton County, Texas.

County Clerk
Denton County, Texas

SECOND AMENDED DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

CHATEAU DU LAC

After recording return to:

Riddle & Williams, P.C.
3811 Turtle Creek Boulevard
1050 Turtle Creek Centre
Dallas, Texas 75219

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EXHIBITS

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Exhibit D – Initial Design Guidelines
Exhibit E – Rules and Regulations of Chateau du Lac Homeowners Association, Inc.

SECOND AMENDED DECLARATION

OF

COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

CHATEAU DU LAC

STATE OF TEXAS §
§ **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF DENTON §

This **SECOND AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CHATEAU DU LAC** (this "Declaration") is made this __ day of July 2006, by **VAN HUNTER DEVELOPMENT, LTD.**, a Texas limited partnership (sometimes called the "Declarant" in this Declaration).

ARTICLE I
STATEMENT AND PURPOSE

Section 1.1. *Property*. This Declaration governs the property in Denton County, Texas, described on the attached *Exhibit A* (the "Property").

Section 1.2. *Purpose*. This Declaration is to replace and supersede the First Amended and Restated Declaration of Restrictions, Covenants and Conditions of Chateau du Lac dated April 6, 2004, and recorded as Instrument No. 2004-44953 of the Deed Records of Denton County, Texas (the "First Amended Declaration"), and any and all amendments thereto, which governs the planned community known as Chateau du Lac (the "Project" or "Chateau du Lac").

Section 1.3. *Amendment Requirements*. Pursuant to Section 6(a) of the First Amended Declaration, until the Declarant has conveyed by deed all of the Lots in the Property, Declarant, its respective legal representatives, heirs, successors and assigns shall have the right and authority to modify or amend in writing any of the reservations, restrictions and/or covenants set forth in the First Amended Declaration at any time upon the filing of such amendment in the Real Property Records of Denton County, Texas, without prior notice to or consent of any Owner or Person. In addition, pursuant to Section 6(c) of the First Amended Declaration, no amendment or modification of the First Amended Declaration is effective without the signed written consent of the chief executive employee of the Town of Flower Mound.

Section 1.4. *Compliance with Amendment Requirements*. This Declaration has been approved by the Declarant as evidenced by its signature hereinbelow and by the chief executive employee of the Town of Flower Mound.

Section 1.5. *Imposition of Covenants*. To accomplish the purposes indicated above, the Declarant hereby declares that the First Amended Declaration is hereby replaced and superseded

by this Declaration and from and after the date of recording this Declaration forward, the Property and any property annexed thereto will be held, sold and conveyed subject to the following covenants, conditions, restrictions and easements (collectively, these "Covenants"). These Covenants will run with the land and will be binding upon all Persons having any right, title, or interest in all or any part of the Property (including Declarant) and their heirs, successors, and assigns, and their tenants, employees, guests, and invitees. These Covenants will inure to the benefit of each owner of the Property.

ARTICLE II
DEFINITIONS

The following terms, as used in this Declaration, are defined as follows:

Section 2.1. *"Annual Assessment"* means the Assessment levied annually pursuant to *Section 9.3*.

Section 2.2. *"Approved Builder"* means a Builder who has been approved by the Committee to construct new Living Units in the Property as provided in *Section 6.6*.

Section 2.3. *"Architectural Control Committee" or "Committee"* means the committee formed pursuant to *Article VI* to maintain the quality and architectural harmony of Improvements in Chateau du Lac.

Section 2.4. *"Articles" or "Articles of Incorporation"* means the articles of incorporation of the Chateau du Lac Homeowners Association, Inc., attached hereto as *Exhibit C*, which have been filed with the Secretary of State of Texas, as such articles may be amended from time to time.

Section 2.5. *"Assessments"* means the Annual, Special and Default Assessments levied pursuant to *Article IX* to meet the estimated cash requirements of the Association.

Section 2.6. *"Association"* means the Chateau du Lac Homeowners Association, Inc., a Texas non-profit corporation, and any successor of that entity by whatever name.

Section 2.7. *"Board of Directors" or "Board"* means the Board of Directors of the Association.

Section 2.8. *"Builder"* means any Person which purchases one or more Lots within the Property for the purpose of constructing improvements thereon for later sale to consumers, or who purchases one or more parcels of land within the Property for further development or resale in the ordinary course of such Person's business.

Section 2.9. *"Building"* means a building or other structure constructed in a Lot.

Section 2.10. *"Building Site"* means the building envelope or area within a Lot delineating the boundaries within which a Building or other Improvement may be located, always subject to the prior written approval of the Architectural Control Committee.

Section 2.11. *"Bylaws"* means the bylaws of the Association attached hereto as *Exhibit B* which establish the methods and procedures of its operation, as such bylaws may be amended from time to time.

Section 2.12. *"Chateau du Lac"* means the community created by this Declaration, consisting of the Property (including any property annexed thereto in accordance with *Article XVI*) and all of the Improvements located on the Property.

Section 2.13. *"Common Area"* means those areas of land shown on any recorded subdivision plat of the Property and intended to be devoted to the common use and enjoyment of the Members of the Association, and other areas on or adjacent to the Property of common interest to all of the Lots, including but not limited to, Property decorative fencing, lakes (if any), drainage features, rights-of-way and parkways, security areas and structures, private streets on the Property, walkways, driveways and landscaping at Property entries and other areas of common interest to the Lots. Such interest owned by the Association may include, without limitation, estates in fee, estates for terms of years, or easements. In addition to the other Common Areas defined herein, the Common Areas shall include decorative fencing installed by the Declarant around the perimeter of the Property and around the Common Areas. After the development of the Property has been completed, the ownership, repair and maintenance of the decorative fence shall vest solely in the Association.

Section 2.14. *"Common Expenses"* means (i) premiums for the insurance carried by the Association under *Article XII*; (ii) all other expenses incurred by the Association in administering, servicing, conserving, managing, maintaining, repairing or replacing the Common Area and any Improvements located on it; (iii) all expenses expressly declared to be Common Expenses by the Documents; (iv) all expenses lawfully determined to be Common Expenses by the Board of Directors; and (v) all expenses to be allocated among the Owners as provided in *Article IX.*

Section 2.14. *"Declarant"* means Van Hunter Development, Ltd., a Texas limited partnership, or its successors or assigns, including any Successor Declarant to the extent the rights of Declarant are assigned to the Successor Declarant, as provided in *Section 2.42.*

Section 2.15. *"Declarant Control Period"* means the period beginning on the date this Declaration is first recorded in the office of the Clerk and Recorder of Denton County, Texas, and ending on the earlier of: (a) the date which is 20 years later, (b) the date on which the Declarant has platted all of the Property and sold 100% of the Lots shown on the Plats, or (c) the date determined by the Declarant in its sole discretion. The Declarant Control Period may be reinstated or extended by agreement between Declarant and the Association, subject to whatever terms, conditions, and limitations the Board of Directors may impose on the subsequent exercise by Declarant of the Special Declarant Rights. After the termination of the Declarant Control Period, Declarant, if still an Owner, will continue to have all the rights and duties ordinarily given to Members under this Declaration.

Section 2.16. *"Declaration of Annexation"* means a declaration prepared and recorded in accordance with the provisions of *Article XVI* to annex additional property to the Property

governed by this Declaration.

Section 2.17. *"Default Assessment"* means any Assessment levied by the Association pursuant to *Section 9.5* below.

Section 2.18. *"Default Rate"* means an annual rate of interest that is the lesser of (i) eighteen percent (18%) per annum, and (ii) the Maximum Lawful Rate permitted by applicable law. Notwithstanding anything to the contrary herein, the interest charged, collected, contracted and/or received under this Declaration shall not exceed the Maximum Lawful Amount. The term "Maximum Lawful Rate" means the maximum rate of interest and the term "Maximum Lawful Amount" means the maximum amount of interest that are permissible under applicable state or federal law for the type of debt created by this Declaration. If Article 1.04 of the Texas Credit Code is applicable to such debt, and applicable state or federal law does not permit a higher interest rate, the "Indicated (Weekly) Ceiling" (as defined as Article 1.04(a)(1) of the Texas Credit Code) shall be the Interest Rate Ceiling applicable to this Note and shall be the basis for determining the Maximum Lawful Rate in effect from time to time during the term of such debt. If applicable state or federal law allows a higher interest rate or federal law preempts the state law limiting the rate of interest, then the foregoing Interest Rate Ceiling shall not be applicable to such debt. If the Maximum Lawful Rate is increased by statute or other governmental action subsequent to the date of this Declaration, then the new Maximum Lawful Rate shall be applicable to this Declaration from the effective date thereof, unless otherwise prohibited by applicable law. Because of the possibility of irregular periodic balances of principal, premature payment, and the fluctuating nature of such debt, the total interest that will accrue under this Declaration cannot be determined in advance. The Association does not intend to contract for, charge or receive more than the Maximum Lawful Rate or Maximum Lawful Amount, and to prevent such an occurrence, all amounts of interest, whenever contracted for, charged or received by the Association with respect to the loan of money evidenced by such debt, shall be spread, prorated or allocated over the full period of time such debt is unpaid, including the period of any voluntary forbearance period. The total amount of interest contracted for, charged or received to the time of any demand shall be spread, prorated or allocated along with any interest thereafter accruing over the full period of time that such debt thereafter remains unpaid for the purpose of determining if such interest exceeds the Maximum Lawful Amount. The Association shall compute the total amount of interest that has been contracted for, charged or received by Association or payable by Owner under such debt and compare such amount to the Maximum Lawful Amount that could have been contracted for, charged or received by the Association. If such computation reflects that the total amount of interest that has been contracted for, charged or received by the Association or payable by such Owner exceeds the Maximum Lawful Amount, then the Association shall apply such excess to the reduction of the principal balance and not to the payment of interest; or if such excess interest exceeds the unpaid principal balance, such excess shall be refunded to such Owner. This provision concerning the crediting or refund of excess interest shall control and take precedence over all other agreements between such Owner and the Association so that under no circumstances shall the total interest contracted for, charged or received by the Association exceed the Maximum Lawful Amount.

Section 2.19. *"Design Guidelines"* means the guidelines and rules published and amended and supplemented from time to time by the Architectural Control Committee. The initial Design Guidelines are attached hereto as *Exhibit D*.

Section 2.20. *"Development Rights"* is defined in *Section 11.1.2.*

Section 2.21. *"Director"* means a member of the Board.

Section 2.22. *"Documents"* means the basic documents creating and governing Chateau du Lac, including, but not limited to, this Declaration, the Articles of Incorporation, the Bylaws, the Design Guidelines, any Declaration of Annexation, the Rules and any other procedures, rules, regulations or policies adopted under such documents by the Association, all as may be amended from time to time.

Section 2.23. *"First Mortgage"* means any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

Section 2.24. *"First Mortgagee"* means the holder of record of a First Mortgage.

Section 2.25. *"Improvement(s)"* means all Buildings, parking areas, loading areas, fences, walls, hedges, plantings, lighting, poles, driveways, roads, ponds, lakes, trails, gates, signs, changes in any exterior color or shape, excavation and all other site work, including, without limitation, grading, road construction, utility improvements, removal of trees or plantings, and any new exterior construction or exterior improvement which may not be included in the foregoing. "Improvement(s)" does not include turf, shrub, or tree repair or replacement of a magnitude which does not change exterior colors or exterior appearances. "Improvement(s)" does include both original improvements and all later changes and improvements.

Section 2.26. *"Living Unit"* means a residential dwelling unit intended for use and occupancy by a single family.

Section 2.27. *"Lot"* means a parcel of land designated as a lot on any Plat of the Property which the Declarant makes subject to this Declaration. The streets, roads, and Common Area on any Plat shall not be considered to be separate Lots.

Section 2.28. *"Maintenance Fund"* means the fund created by Assessments and fees levied pursuant to *Article IX* below to provide the Association with the funds required to carry out its duties under this Declaration.

Section 2.29. *"Manager"* means such Person retained by the Board of Directors to perform certain functions of the Board pursuant to this Declaration or the Bylaws.

Section 2.30. *"Master Plan"* means the Master Plan of the Chateau du Lac Planned Unit Development, as approved by the appropriate authorities of the Town, as amended and supplemented from time to time.

Section 2.31. *"Member"* means any Person holding membership in the Association.

Section 2.32. *"Mortgage"* means any mortgage, deed of trust, trust indenture, contract for deed, or other document which is recorded in the office of the Clerk and Recorder of Denton

County, Texas, and which encumbers any portion of the Property or interest therein as security for the payment of a debt or obligation.

Section 2.33. *"Mortgagee"* means any Person named as a beneficiary or mortgagee under a Mortgage, or any successor to the interest of any such Person under such Mortgage. In the case of a contract for deed, the seller shall be considered the "Mortgagee" and the buyer shall be considered the "Owner."

Section 2.34. *"Owner"* means the owner of record (including Declarant), whether one or more Persons, of fee simple title to any Lot or, if the Lot is subject to one or more contracts for deed, the owner of the purchaser's interest in the most recent contract for deed, but "Owner" does not mean or refer to any Person who holds such interest merely as security for the performance of a debt or other obligation, including a Mortgage, unless and until such Person has acquired fee simple title pursuant to foreclosure or other proceedings.

Section 2.35. *"Person"* (whether or not in capitalized form) means a natural person, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or combination of the foregoing.

Section 2.36. *"Plat"* means any engineering survey or surveys of all or part of the Property, together with such other diagrammatic plans and information regarding the Property as may be required by applicable law, or as may be included in the discretion of Declarant, as each such survey may be amended and supplemented from time to time, and all as recorded in the office of the Clerk and Recorder for Denton County, Texas.

Section 2.37. *"Property"* means and includes the property described on *Exhibit A* and initially subjected to this Declaration, and also refers to any additional real property that may be incorporated in the Project from time to time and made subject to these Covenants pursuant to the provisions of this Declaration.

Section 2.38. *"Public View"* shall mean and refer to an item or matter that is exposed to the public view. An item or matter is exposed to the public view if it is visible to a person: (i) six feet in height standing at any location in any public right-of-way or easement, (ii) six feet in height standing at any point at the ground level of any of the Property other than the Lot or portion of the Property where the item or matter is located, or (iii) of any height viewing the item or matter from any window or balcony of a Living Unit on any of the Property other than the Lot or portion of the Property where the item or matter is located.

Section 2.39. *" Rules"* means the rules and regulations adopted by the Association from time to time as provided in *Section 5.3*.

Section 2.40. *"Special Assessment"* means an Assessment levied pursuant to *Section 9.4*.

Section 2.41. *"Special Declarant Rights"* is defined as set forth in *Section 11.1*.

Section 2.42. *"Successor Declarant"* means any party or entity to whom Declarant assigns any or all of its rights, obligations or interest as Declarant, as permitted by *Section 21.7*

and evidenced by an assignment or deed of record in the office of the Clerk and Recorder of Denton County, Texas, designating such party as a Successor Declarant, signed by the transferor and the transferee. Upon such recording, Declarant's rights and obligations under the Declaration will cease and terminate to the extent provided in such document, and all such rights and obligations shall be transferred to and assumed by the Successor Declarant to the extent provided in such document.

Section 2.43. *"Supplemental Covenants"* means additional or further restrictive covenants imposed on a portion or portions of the Property from time to time.

Section 2.44. *"Town"* means the Town of Flower Mound, Texas.

ARTICLE III
THE CHATEAU DU LAC PLANNED COMMUNITY

Section 3.1. *Establishment of Planned Community.* Chateau du Lac has heretofore been established as a planned community. Declarant reserves the Development Right to create additional Lots within Chateau du Lac in accordance with *Article XVI* below.

Section 3.2. *Declaration of Lot Boundaries.* The boundaries of each Lot are delineated on the Plat, and each Lot is identified by the number or address noted on the Plat.

Section 3.3. *Plat.* Plats have been filed for record in the office of the Clerk and Recorder of Denton County, Texas for the following phases within Chateau du Lac: Chateau du Lac, Phase One, an addition to the Town of Flower Mound, Denton County, Texas, ("Phase I"), including Lots 1-9 in Block A, Common Area Lots 1X, 2X, 3X, 4X, 5X and 6X in Block C, Lots 1-13 inclusive in Block B, Lots 1-2 in Block C and Common Area Lot 1 in Block D, according to the plat thereof recorded in the plat records, Denton County, Texas; Chateau du Lac, Phase Two, an addition to the Town of the Flower Mound, Denton County, Texas, ("Phase II") including Lots 14-16 inclusive, Block B and Common Area Lot 7X, Block C and Chateau du Lac, Phase III, an addition to the Town of Flower Mound, Denton County, Texas ("Phase III"), including Lot 1, Block 1.

ARTICLE IV
ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 4.1. *Membership.* Every Owner, by virtue of being an Owner, and for so long as he is an Owner, will automatically and mandatorily be a Member of the Association and any Person who acquired any such fee or undivided fee interest shall be deemed to have accepted membership and assumed all obligations thereof. Membership will be appurtenant to and may not be separated from ownership of any Lot. No Owner, whether one or more Persons, will have more than one membership per Lot owned, but all of the Persons owning each Lot will be entitled to rights of membership and of use and enjoyment appurtenant to such ownership.

Section 4.2. *Transfer of Membership*. An Owner may not transfer, pledge or alienate its membership in the Association in any way except upon the sale or encumbrance of his Lot, and then only to the purchaser or Mortgagee of his Lot.

Section 4.3. *Classes of Membership*. Initially, the Association will have one class of voting membership, composed of all Owners, including Declarant.

The Bylaws may set forth additional classifications of membership from time to time, except no additional classifications shall be created during the Declarant Control Period unless the Declarant agrees in writing to any new or different class.

Section 4.4. *Voting Rights*. All Members will be entitled to vote on Association matters on the basis of one vote for each Lot owned.

When more than one Person holds an interest in any Lot, all such Persons will be Members. If more than one of the multiple Owners are present at a meeting in person or by proxy, the vote allocated to their Lot may be cast as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Any Owner of a Lot that is leased may assign his voting right to the tenant, provided that a copy of the instrument of assignment is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right.

Section 4.5. *Appointment of Officers and Directors by Declarant*. Until the expiration of the Declarant Control Period, Declarant will retain the exclusive powers to appoint, remove and replace Directors and officers of the Association.

Notwithstanding the foregoing, Declarant may voluntarily surrender the right to appoint, remove and replace Directors and officers of the Association before the end of the Declarant Control Period by providing a notice to that effect to the Association. However, upon voluntarily terminating this Special Declarant Right in advance of the expiration of the Declarant Control Period, Declarant may require that specified actions of the Association or the Board, as described in an instrument executed and recorded by Declarant in the office of the Clerk and Recorder of Denton County, Texas, be approved by Declarant before those actions become effective.

Section 4.6. *Notice of Membership*. Any Person, on becoming a Member, will furnish the Secretary of the Association with a photocopy or certified copy of the recorded instrument or such other evidence as may be specified by the Board under the Bylaws or the Rules, vesting the Person with the interest required to make him or her a Member. At the same time, the Member will provide the Association, in writing, with the single name and address to which the Association will send any notices given pursuant to the Documents. The Member will state in such notice the voting interest in the Association to which the Member believes he is entitled and the basis for that determination. In the event of any change in the facts reported in the original

written notice, including any change of ownership, the Member will give a new written notice to the Association containing all of the information required to be covered in the original notice. The Association will keep and preserve the most recent written notice received by the Association with respect to each Member.

Section 4.7. *Owner's and Association's Addresses for Notices*. All Owners of each Lot will have one and the same registered mailing address to be used by the Association or other Owners for notices, demands and all other communications regarding Association matters. The Owner or Owners of a Lot will furnish the registered address to the Secretary of the Association within five (5) days after receiving title to the Lot. The registration will be in written form and signed by all of the Owners of the Lot or by such Persons as are authorized by law to represent the interests of all Owners of the Lot.

If no address is registered or if all of the Owners cannot agree, then the address of the Lot will be deemed the registered address until another registered address is furnished as required under this Section.

If the address of the Lot is the registered address of the Owners, then any notice will be deemed duly given if delivered to any Person occupying the Lot or sent to the Lot by any other means specified for a particular notice in any of the Documents, or if the Lot is unoccupied, if the notice is held and available for the Owners at the principal office of the Association. All notices and demands intended to be served upon the Board of Directors will be sent to the address of the Association or such other address as the Board may designate from time to time by a notice delivered or published to all Owners in accordance with this Section.

All notices given under this Declaration will be sent by personal delivery, which will be effective upon receipt; by overnight courier service, which will be effective one business day following timely deposit with a courier service; by regular, registered or certified mail, postage prepaid, which will be effective three days after deposit in the U.S. mail; or by electronic mail (to the extent permitted by Texas law), which will be effective upon receipt.

Section 4.8. *Compliance with Documents*. Each Owner and resident will abide by and benefit from the provisions, covenants, conditions, and restrictions contained in the Documents.

ARTICLE V
POWERS AND DUTIES OF ASSOCIATION

Section 5.1. *Association Management Duties*. Subject to the rights and obligations of Declarant as set forth in this Declaration and to the rights and obligations of the other Owners, the Association will be responsible for the administration and operation of the Project. The Board of Directors will exercise for the Association all powers, duties and authority vested in or obligated to be taken by the Association and not reserved to Declarant or the other Members by this Declaration, the other Documents, or other applicable law.

Section 5.2. *Common Area.*

5.2.1. *Conveyance by Declarant.* Declarant shall retain the legal title or easements to the Common Areas until such time as development construction of the Property has been completed thereon. At any time thereafter, but prior to the first to occur of (i) the expiration of eighteen (18) months after the date of closing and funding of the sale of the first Lot, or the thirtieth (30th) day after all of the Lots (other than the Common Area Lots) have been sold and conveyed by the Declarant, the Declarant shall convey legal title and easements to the all of the Common Areas to the Association. Until such conveyance of the Common Areas to the Association, the Declarant shall maintain and shall pay for all taxes associated with the Common Areas. Upon conveyance of the Common Areas to the Association, all duty and obligation to pay for taxes shall exclusively lie with the Association.

5.2.2. *Use of Common Area.* The Common Area generally is designated by this Declaration for the common use, benefit and enjoyment of the Owners and their families, tenants, employees, guests and invitees, and such other Persons as may be permitted to use the Common Area by agreement established under *Sections 5.2.6* or *5.2.7* below or otherwise.

5.2.3. *No Dedication to the Public.* Nothing in this Declaration or the other Documents will be construed as a dedication to public use, or a grant to any public municipal or quasi-municipal authority or utility, or an assumption of responsibility for the maintenance of any Common Area by such authority or utility, absent an express written agreement to that effect.

5.2.4. *Association's Responsibility for Common Area.* The Association, subject to the rights and obligations of the Owners set forth in this Declaration, will be responsible for the management and control of the Common Area and all Improvements on the Common Area (including furnishings and equipment related thereto), and will keep it in good, clean, and attractive condition and repair consistent with the standards of Chateau du Lac.

5.2.5. *Declarant's Right to Perform for the Account of the Association.* In the event the Association does not repair or maintain the Common Area, Declarant will have the right, but not the obligation, to perform such duties for the Association. In that event, Declarant will be entitled to reimbursement from the Association of all costs incurred by Declarant, such reimbursement being due within thirty (30) days after the receipt by the Association of an invoice from Declarant, itemizing the costs incurred. After expiration of the 30-day period allowed for payment, Declarant may collect interest on the amount due at the Default Rate.

5.2.6. *Declarant's Agreements Regarding Common Area.* Upon the transfer by Declarant to the Association of any Common Area as provided in this Declaration, Declarant may agree under the terms of the transfer that the Association will be required to contract with organizations operating within or in the vicinity of Chateau du Lac, to allow use of all or part of

the Common Area under such terms and for such charges as may be acceptable to Declarant and such association or other organizations.

Any use of the Common Area by Owners and their families, tenants and guests, and such other Persons permitted access to the Common Area will be subject to any applicable Rules governing the Common Area.

5.2.7. *Association's Agreements Regarding Common Area.* The Association, acting through the Board of Directors, may grant easements, rights-of-way, leases, licenses and concessions through or over the Common Area without the independent approval by the Owners. Without limiting the generality of the foregoing, the Association may grant such rights to suppliers of utilities serving the Project or property adjacent to the Project, and to developers or owners of property adjacent to the Project for the purpose of accommodating minor encroachments onto the Common Area or other purposes that do not unreasonably interfere with the use and enjoyment of the Common Area by the Owners.

Section 5.3. *Rules and Regulations.*

5.3.1. From time to time and subject to the provisions of the Documents, the Board of Directors may adopt, amend and repeal rules and regulations, to be known as the "Rules," governing, among other things and without limitation:

(i) The use of the Common Area;

(ii) The use of private roads, if any, within Chateau du Lac;

(iii) The collection of assessments (including the application of payments received from Owners); and

(iv) The use, occupancy, leasing or sale, maintenance, repair, modification and appearance of Lots.

A copy of the Rules in effect will be distributed to each Member of the Association, and any change in the Rules will be distributed or made available to each Member within a reasonable time following the effective date of the change.

5.3.2. *Enforcement.* The Board of Directors may enforce compliance with the Rules in the manner provided in the Documents.

Section 5.4. *Cooperation with Municipality/Districts.* The Association will cooperate in all respects with any municipality or special district to enable both the Association and the municipality/district to most efficiently and economically provide their respective services to Owners. It is contemplated that from time to time such municipality/district, if any, and the Association each may use the services of the other in the furtherance of its obligations, and each may contract with another to better provide for such cooperation. If either the Association or a municipality/district should fail or refuse to provide the services which it is obligated to provide

under its respective formative documents for any reason, then the other, as permitted by law and to the best of its ability, may assume that obligation until such time as the entity primarily obligated is able to resume its functions, and the acting entity may charge the other a reasonable fee for the provision of such services.

Section 5.5. *Delegation by the Association.*

5.5.1. *Manager.* The Association may employ or contract for the services of a Manager to act for the Association and the Board and the officers according to the powers and duties delegated to the Manager pursuant to the Bylaws or resolution of the Board. Neither the Board nor any officer of the Association will be liable for any omission or improper exercise by a Manager of any such duty, power, or function so delegated by written instrument executed by or on behalf of the Board. The Manager may be the Declarant or a Person related to Declarant.

5.5.2. *Committees.* The Association may delegate any of its rights, duties or responsibilities to any committee or other entity (in addition to the Architectural Control Committee) that the Board may choose to form.

5.5.3. *Limitation.* Any delegation by the Board under this Section is subject to compliance with the Bylaws and the requirement that the Board, when so delegating, will not be relieved of its responsibilities under the Documents.

Section 5.6. *Ownership of Personal Property and Real Property for Common Use.* The Association, through action of its Board of Directors, may acquire, hold and dispose of personal property and real property. The Board, acting on behalf of the Association, will accept any real or personal property, leasehold or other property interests within Chateau du Lac and conveyed to the Association by Declarant.

Section 5.7. *Roads and Streets.* The Association shall be responsible for maintaining all private roads shown on the Plat (except private driveways located within Lots on the Property, which shall be the responsibility of the Owner of the Lot). Such maintenance will include repair and replacement of such private roads, as well as periodic maintenance of the surface and regular trash removal from all drive areas except private driveways located within Lots on the Property. The Board will cooperate with the applicable traffic and fire control officials to post roads and streets with traffic control, fire lane, and parking regulation signs. The Association shall also be responsible for maintaining all paths, walkways, bike paths, landscaping, irrigation and other improvements constructed by Declarant or the Association and located within the private road right-of-way–areas shown on the Plat; provided, however, that upon the issuance or deemed issuance of a Certificate of Compliance with respect to a particular Lot in accordance with *Section 6.9.3*, the Owner of such Lot shall maintain all landscaping and improvements on that portion of private right-of-way between the Lot boundary and the nearest curb or pavement edge of the adjoining street(s) or the nearest fence, wall or berm constructed on the adjacent Common Area.

Section 5.8. *Books and Records.* The Association will make available for inspection and copying by Owners and Mortgagees, upon reasonable notice and upon receipt of a written

request stating a proper purpose for the request, during normal business hours or under other reasonable circumstances, current copies of the Documents, and the books, records, and financial statements of the Association prepared pursuant to the Documents. The Association may charge a reasonable fee for copying and making such materials available for inspection.

Section 5.9. *Reserve Account*. The Association will establish and maintain an adequate reserve fund from Annual Assessments levied pursuant to *Section 9.3* below for maintenance, repair or replacement of the Common Area and Improvements located within the Common Area that must be replaced on a periodic basis and for any other facilities made available to the Association that must be replaced on a periodic basis with contribution from the Association.

Section 5.10. *Successor to Declarant*. The Association will succeed to all of the rights, duties and responsibilities of Declarant under this Declaration upon termination of the Declarant Control Period.

Section 5.11. *Implied Rights and Obligations*. The Association will perform all of the duties and obligations imposed on it expressly by the Documents, together with every other duty or obligation reasonably to be implied from the express provisions of the Documents or reasonably necessary to satisfy any such duty or obligation. The Association may exercise any other right or privilege (i) given to it expressly by the Documents, (ii) reasonably to be implied from the existence of another right or privilege given expressly by the Documents, or (iii) reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

Section 5.12. *Security*. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to enhance the security of the Property including, without limitation, controlled access gates and patrol services. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY, NOR SHALL SUCH PARTIES BE HELD LIABLE FOR ANY LOSS OR DAMAGE FOR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN.

THE ASSOCIATION, DECLARANT, ANY SUCCESSOR DECLARANT, AND ARCHITECTURAL CONTROL COMMITTEE MAKE NO REPRESENTATION OR WARRANTY THAT ANY SYSTEMS OR MEASURES, INCLUDING ANY MECHANISM, DEVICE OR PERSON EMPLOYED TO LIMIT OR RESTRICT ACCESS TO THE PROPERTY CANNOT BE COMPROMISED OR CIRCUMVENTED; OR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ANY CASE PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND ALL TENANTS, GUESTS AND INVITEES OF ANY OWNER, ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION, ITS

BOARD, COMMITTEE MEMBERS, DECLARANT OR ANY SUCCESSOR DECLARANT, ARE NOT INSURERS AND THAT EACH PERSON WITHIN THE PROPERTY ASSUME ALL RISKS FOR PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY, INCLUDING LOTS AND THE CONTENTS THEREOF, RESULTING FROM ACTS OF THIRD PARTIES.

Section 5.13. *Use of Recreational Facilities*. Each Owner acknowledges that certain recreational facilities may be provided within the Common Area for the use and enjoyment of the Owners and Residents, and their respective families, tenants, and invitees. **EACH OWNER HEREBY ACKNOWLEDGES THAT THERE ARE RISKS ASSOCIATED WITH THE USE OF ANY SUCH RECREATIONAL FACILITIES AND THAT ALL USERS OF SUCH FACILITIES ARE SOLELY RESPONSIBLE FOR SUCH RISK. EACH OWNER, BY ACCEPTING A DEED TO A LOT, ACKNOWLEDGES THAT HE OR SHE HAS NOT RELIED UPON THE REPRESENTATIONS OF DECLARANT OR THE ASSOCIATION WITH RESPECT TO THE SAFETY OF ANY RECREATIONAL FACILITIES OR OTHER COMMON AREA WITHIN THE PROPERTY.**

The Association may, but shall not be obligated to, contract with, employ or otherwise provide, from time to time, a lifeguard or other monitoring personnel or equipment to be present or operational at any recreational facility within the Property. Each Owner acknowledges that the presence of such personnel shall not create a duty on the part of Declarant or the Association to provide for, insure or guarantee the safety of any user of the facility. Each Owner acknowledges that the presence of such monitoring personnel shall not in any way alter the risks assumed by each Owner, his or her family members, tenants, other Residents of Owner's Lot and guests of any such Persons, which risks shall continue to be assumed by the user of the recreational facility.

Section 5.14. *Construction Activities*. All Owners are hereby placed on notice that Declarant, any affiliate of Declarant and/or its agents, contractors, subcontractors, licensees and other designees, successors or assignees, may be, from time to time, conducting excavation, construction and other activities within or in proximity to the Property. By the acceptance of a deed or other conveyance or Mortgage, leasehold, license, easement or other interest, and by using any portion of the Property, each Owner automatically acknowledges, stipulates and agrees (a) that none of the aforesaid activities shall be deemed nuisances or noxious or offensive activities, under any applicable covenants or at law generally, (b) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is trespass or otherwise) any property within or in proximity to any portion of the Property where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours), (c) Declarant, any affiliate of Declarant and all of their agents, contractors, subcontractors, licensees and other designees, successors and assignees, shall not be liable but, rather, shall be held harmless, for any and all losses and damages (compensatory, consequential, punitive or otherwise), injuries or deaths arising from or relating to the aforesaid activities, and (d) any purchase or use of any portion of the Property has been and will be made with full knowledge of the foregoing.

Section 5.15. *Provision of Services*. The Association may provide for services and facilities for the Members and their Lots, and shall be authorized to enter into and terminate contracts or agreements with other Persons, including Declarant, to provide such services and facilities. The Board may charge use and service fees for any services and facilities provided at the option of an Owner, or may include the costs thereof in the Association's budget as a Common Expense and assess it as part of the Annual Assessment, as applicable. By way of example, such services and facilities might include landscape maintenance, child care, pest control service, cable television or satellite service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities. Nothing herein shall be construed as a representation by Declarant or the Association as to what, if any, services or facilities shall be provided. In addition, the Board shall be permitted to modify or cancel existing services or facilities, unless otherwise required by the Documents.

Section 5.16. *Relation with Other Properties*. The Association may enter into contractual agreements or covenants to share costs with any neighboring property owner or Town to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

ARTICLE VI
ARCHITECTURAL CONTROL COMMITTEE

Section 6.1. *Committee and Guidelines*. The Architectural Control Committee (the "Committee"), shall be responsible for the establishment and administration of Design Guidelines to facilitate the purposes and intent of this Declaration. The Declarant shall have the sole and full authority to amend the Design Guidelines as long as Declarant owns any portion of the Property unless the Declarant assigns such right to the Board at an earlier time. Thereafter, the Board shall have the authority to amend the Design Guidelines. Any amendments to the Design Guidelines shall be prospective only and shall not apply or require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines; the Declarant or the Board, as appropriate, are expressly authorized to amend the Design Guidelines to remove requirements previously imposed or otherwise to make the Design Guidelines more or less restrictive. The Design Guidelines may contain general provisions applicable to all of the Property, as well as specific provisions which vary from one portion of the Property to another depending upon location and unique characteristics. The initial Design Guidelines are attached hereto as *Exhibit D*.

The Design Guidelines may include, among other things, those restrictions and limitations set forth below:

6.1.1. Procedures for making application to the Committee for design review approval, including the documents to be submitted and the time limits in which the Committee must act to approve or disapprove any submission.

6.1.2. Time limitations for the completion, within specified periods after approval, of the Improvements for which approval is required under the Design Guidelines.

6.1.3. Designation of the Building Site on a Lot, establishing the maximum developable area of the Lot.

6.1.4. Minimum and maximum square foot areas of living space that may be developed on any Lot.

6.1.5. Landscaping regulations, with limitations and restrictions prohibiting the removal or requiring the replacement of existing trees, the use of plants indigenous to the locale, and other practices benefiting the protection of the environment, aesthetics and architectural harmony of Chateau du Lac.

6.1.6. General instructions for the construction, reconstruction, refinishing or alteration of any Improvement, including any plan to excavate, fill or make any other temporary or permanent change in the natural or existing surface contour or drainage or any installation of utility lines or conduits on the Property, addressing matters such as waste storage, trash removal, equipment and materials storage, grading, transformers and meters.

6.1.7. Establishing criteria for eligibility of a Builder to become an Approved Builder.

Section 6.2. *Committee Membership*. The Committee will be composed of up to three (3) persons. The members of the Committee may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The Committee need not include any Member of the Association. All of the members of the Committee will be appointed, removed, and replaced by Declarant, in its sole discretion, until the expiration of the Declarant Control Period or such earlier time as Declarant may elect to voluntarily waive this right by notice to the Association, and at that time the Board of Directors will succeed to Declarant's right to appoint, remove, or replace the members of the Committee. Until all of the Lots within the Property (excluding the Common Areas) have been sold and conveyed by the Declarant, Declarant shall have full authority to remove and replace any Committee member. The address for notice purposes of the Committee may be established and changed upon written notice on behalf of the Committee to the Association.

Section 6.3. *Organization and Operation of Committee*.

6.3.1. *Term*. The term of office of each member of the Committee, subject to *Section 6.2*, will be one year, commencing January 1 of each year, and continuing until his or her successor shall have been appointed. Should a Committee member die, retire or become incapacitated, or in the event of a temporary absence of a member, a successor may be appointed as provided in *Section 6.2*.

6.3.2. *Chairman*. So long as Declarant appoints the Committee, Declarant will

appoint the chairman. At such time as the Committee is appointed by the Board of Directors, the chairman will be elected annually from among the members of the Committee by a majority vote of the Committee members. In the absence of a chairman, the party responsible for appointing or electing the chairman may appoint or elect a successor, or if the absence is temporary, an interim chairman.

6.3.3. *Operations*. The Committee chairman will take charge of and conduct all meetings and will provide for reasonable notice to each member of the Committee prior to any meeting. The notice will set forth the time and place of the meeting, and notice may be waived by any member.

6.3.4. *Voting*. The affirmative vote of a majority of the members of the Committee will govern its actions and be the act of the Committee.

6.3.5. *Expert Consultation*. The Committee may avail itself of other technical and professional advice and consultants as it deems appropriate, and the Committee may delegate its plan review responsibilities, except final review and approval, to one or more of its members or to consultants retained by the Committee. Upon that delegation, the approval or disapproval of plans and specifications by such member or consultant will be equivalent to approval or disapproval by the entire Committee.

Section 6.4. *Expenses*. Except as provided in this Section below, all expenses of the Committee will be paid by the Association and will constitute a Common Expense. The Committee will have the right to charge an advance fee for each application submitted or resubmitted to it for review and for each request for a Certificate of Compliance, in an amount which may be established by the Committee from time to time, and such fees will be collected by the Committee and remitted to the Association to help defray the expenses of the Committee's operation. In addition, the Association may engage outside consultants and other professionals to review submissions, the cost of which shall be borne by the Person making the submission or request.

Section 6.5. *Purpose and General Authority*.

6.5.1. *Prior Approval Required*. The Committee will review and either approve or reject proposed Improvements on the Property, all in compliance with this Declaration and as further set forth in the Design Guidelines and such rules and regulations as the Committee may establish from time to time to govern its proceedings. No work of any kind regarding the construction or installation of any Living Unit or structure or any exterior additions or alterations to any Building or structure situated upon any Lot, nor any construction of any kind whatsoever, nor erection of or changes or additions in fences, hedges, walls and other structures shall be commenced, erected or maintained until the plans and specifications showing the nature, kind, shape, height, materials and locations of the same shall have been submitted to and approved in writing as to harmony of external design, appearance, consistency with Declarant's plan for development and location in relation to surrounding structures and topography by the Committee, in its sole and exclusive election. Decisions of the Committee may be based on purely aesthetic considerations. The decision of the Committee shall be final, conclusive and

binding upon all interested parties. All improvements to any portion of the Property as approved by the Committee shall be constructed in strict compliance with plans and specifications so approved.

6.5.2. *Plan Requirements*. Duplicate plans for the erection of any structure on any portion of the Property must be prepared by a registered Architect or recognized professional designer and shall be submitted to the Committee for approval, one of which will be retained in the permanent files of Declarant, until the Board has succeeded to the Declarant's right to appoint the member of the Committee, at which time the Association shall retain permanent file copies of subsequent approval documents. All plans for new construction to be submitted to the Committee shall include, as a minimum, the following:

A foundation plan, approved and sealed by a registered Engineer;

A floor plan showing the total square footage of living area;

The exterior elevation showing the front, rear and the side elevations of all structures, complete with all ornamental and decorative details;

The specifications indicating type, grade and color, where applicable, of all exterior materials; and,

A plot plan showing the location of Improvements, sidewalks, patios, driveways, fences, pool, sport or tennis court and retaining walls. Lot drainage provisions are to be indicated cut and fill details, if any appreciable changes in the Lot contours are contemplated.

In addition, a landscaping plan shall be submitted to the Committee for approval prior to the issuance of a certificate of occupancy by the Town of Flower Mound. **No work may be commenced on any approved Improvements unless and until a copy of the building permit from the Town of Flower Mound has been filed with the Committee.**

Preliminary design plans for the construction of a home on a Lot must be submitted to the Committee within two (2) years after the date the Declarant transfers title to the Lot to the Owner.

6.5.3. *Review Period* The Committee shall, within thirty (30) days after receipt of each required submission of plans, advise the party submitting the same, in writing, at an address specified by such party at the time of submission of (i) the approval of plans or (ii) the disapproval of plans, specifying the segments or features of the plans which are objectionable and suggestions, if any, for the curing of such objections. In the event the Committee fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the plans, the applicant may give the Committee written notice of

such failure to respond, stating that, unless the Committee responds within ten (10) days of receipt of such notice, approval shall be deemed granted. However, no plans, whether expressly approved or deemed approved pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted in writing pursuant to *Section 6.10* hereof.

Section 6.6 *Approved Builder*. No Builder may construct a new Living Unit within the Property until the Builder has submitted an application to the Committee and been approved by the Committee in writing as a Builder authorized to construct Improvements in Chateau du Lac (a duly authorized Builder is referred to in this Declaration as an "Approved Builder"). Such application shall be in the form required by the Committee and shall include, without limitation, evidence that: (i) the Builder holds a current certificate of registration under Chapter 416 of the Texas Property Code; (ii) the Builder is designated as a "Texas Star Builder" pursuant to Section 416.011 of the Texas Property Code; (iii) the Builder maintains a Master Builder Certification; (iv) the Builder is adequately insured; (v) the Builder owns at least one (1) Lot at the Chateau Enclave subdivision; and (vi) the Builder has sold a minimum of five (5) homes valued at more than $2,000,000.00. The Builder shall also be required to provide to the Committee the name, address and telephone numbers of at least three (3) clients referrals and one (1) bank reference. The Committee may require the submission of such additional information as it deems necessary to consider an application as an Approved Builder.

In reviewing an application for Approved Builder status, the Committee may consider (but shall not be limited to consideration of), the Builder's financial stability, construction experience, years in business, professional licensing, professional awards and achievements, proven record of superior workmanship and quality of design, customer satisfaction, and commitment to warranty programs. The Committee's selection criteria may be based upon purely subjective considerations.

Section 6.7. *Other Requirements*. Compliance with the Chateau du Lac design review process is not a substitute for compliance with Town building, zoning and subdivision regulations, and each Owner is responsible for obtaining all approvals, licenses, and permits as may be required prior to commencing construction.

Further, the establishment of the Architectural Control Committee and procedures for architectural review will not be construed as changing any rights or restrictions upon Owners to maintain and repair their Lots and Improvements as otherwise required under the Documents.

Section 6.8. *Limitation of Liability*. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and the Committee shall not bear any responsibility for ensuring (i) structural integrity or soundness of approved construction or modifications, (ii) compliance with building codes and other governmental requirements, or (iii) conformity of quality, value, size or design among Lots. The Committee will use its own judgment in accepting or disapproving all plans and specifications submitted to it. Neither the Committee nor any individual Committee member will be liable to any Person for any official

act of the Committee in connection with submitted plans and specifications, except to the extent the Committee or any individual Committee member acted with malice or harmful intent. Approval by the Committee does not necessarily assure approval by the appropriate governmental board or commission for the Town. Notwithstanding that the Committee has approved plans and specifications, neither the Committee nor any of its members will be responsible or liable to any Owner, developer or contractor with respect to any loss, liability, claim or expense which may arise by reason of such approval of the construction of the Improvements. The Committee's approval of any application shall not be deemed to be a representation or warranty that the construction or modification of any improvement pursuant to such approval will be free of defects in the quality of materials or labor provided or in its design. Each Owner should obtain whatever soil reports, foundation studies, and/or engineering studies the Owner deems necessary to determine the adequacy of construction of any improvement prior to the purchase of a Lot. Neither the Board, the Architectural Control Committee, nor any agent thereof, nor Declarant, nor any of its partners, employees, agents or consultants will be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of the Documents, nor for any structural or other defects in any work done according to such plans and specifications. In all events the Committee will be defended and indemnified by the Association in any such suit or proceeding which may arise by reason of the Committee's review or decision in accordance with the provisions of Section 1396-2.22.A of the Texas Non-Profit Corporation Act, as amended (but, in the case of any such amendment, only to the extent that such amendment permits broader indemnification than permitted prior to such amendment).

Section 6.9. *Enforcement.*

6.9.1. *Inspection.* Any member or authorized consultant of the Architectural Control Committee, or any authorized officer, Director, employee or agent of the Association may enter upon any Lot at any reasonable time after notice to the Owner, without being deemed guilty of trespass, in order to inspect Improvements constructed or under construction on the Lot to determine whether the Improvements have been or are being built in compliance with the Documents and the plans and specifications approved by the Architectural Control Committee.

6.9.2. *Certificate of Compliance Upon Completion of Construction.* Before any Improvements on a Lot may be occupied, the Owner of the Lot will be required to obtain an acknowledged certificate, in recordable form, setting forth generally whether, to the best of the Committee's knowledge, that the Improvements on a particular Lot have been substantially completed in accordance with the plans and specifications approved by the Committee (a "Certificate of Compliance"). Without limiting the generality of the preceding sentence, the Committee may require, as a condition to the issuance of the Certificate of Compliance, that the Owner pay a reasonable fee established by the Committee from time to time and deposit with the Committee such sums as may be necessary to complete the landscaping on the Lot by a specified date. If the landscaping is not completed as scheduled, the Committee may apply the deposit to cover the cost of completing the work and enforce such other remedies as are available to the

Association for the failure of the Owner to comply with these covenants, including without limitation the remedies set forth in this *Section 6.9*. Unless the Committee responds to such request within thirty (30) days after receipt of the request, it will be conclusively presumed that the Owner and the Owner's Improvements are in conformance with all the plans and specifications approved by the Committee.

6.9.3. *Certificate of Compliance-Generally*. Upon payment of a reasonable fee established from time to time by the Architectural Control Committee, and upon written request of any Owner or his agent, an existing or prospective Mortgagee, or a prospective grantee, the Committee will issue an acknowledged certificate, in recordable form, setting forth generally whether, to the best of the Committee's knowledge, the Improvements on a particular Lot are in compliance with the terms and conditions of the Design Guidelines. Unless the Committee responds to such request within thirty (30) days after receipt of the request, it will be conclusively presumed that the Owner and the Owner's Improvements are in conformance with all the terms and conditions subject to the control of the Committee.

6.9.4. *Deemed Nuisances*. Every violation of these Covenants is hereby declared to be and to constitute a nuisance, and every public or private remedy allowed for such violation by law or equity against a Member will be applicable. Without limiting the generality of the foregoing, these Covenants may be enforced as provided below:

(i) *Fines for Violations*. The Committee may adopt a schedule of fines for failure to abide by the Committee rules and the Design Guidelines, including fines for failure to obtain any required approval from the Committee or failure to construct Improvements in accordance with approved plans. The following minimum fines are established for the following violations:

VIOLATION	MIN. FINE FOR EACH VIOLATION
Failure to install or maintain required silt fence	$250.00
Failure to comply with the applicable requirements regarding any structure	$250.00
Failure to maintain landscaping or to mow as required	$250.00
Failure to remove Garbage	$250.00
Failure to continue work on construction of Living Unit after commencement and all interruptions of 90 consecutive calendar days or more	$1,000.00 per month, prorated
Failure to complete the required landscaping per Design Guidelines	$1,000.00 per month, prorated
Commencement of construction of any improvement without approval of the Committee or after the required commencement date	$500.00

Occupancy of any house or structure in violation of Design Guidelines	$500.00 per month
Sign violation	$10 per day for each partial month and $250 per month
All other violations of this Declaration or Rules and Regulations	$150.00

(ii) *Removal of Nonconforming Improvements*. The Association, upon request of the Committee and after reasonable notice to the offender and, if different, to the Owner, may enter upon any Lot at any reasonable time after notice to the Owner, without being deemed guilty of trespass, and remove and/or complete any Improvement constructed, reconstructed, refinished, altered, abandoned or maintained in violation of these Covenants. The Owner of the Improvement will immediately reimburse the Association for all expenses incurred in connection with such removal or completion. If the Owner fails to reimburse the Association within thirty (30) days after the Association gives the Owner notice of the expenses, the sum owed to the Association will bear interest at the Default Rate from the date the expense was incurred by the Association through the date of reimbursement in full, and all such sums and interest will be a Default Assessment enforceable as provided in *Article IX*.

(iii) *Notice of Violation*. To evidence any violation of this *Article VI* or *Article VII* by any Owner, the Board may file, but is not required to file, in the Deed Records of Denton County, Texas, a notice of violation setting forth (i) the violation, (ii) the name of the Owner and Lot, and (iii) a sufficient legal description of the Lot. Such notice shall be signed and acknowledged by an officer or duly authorized agent or attorney of the Association. The cost of preparing and recording such notice may be assessed against the non-conforming Lot and collected as a Default Assessment pursuant to *Article IX*.

(iv) *Expulsion*. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Declaration may be excluded by the Board from further construction activity within the Community. Any Approved Builder who fails to comply with the terms and provisions of this Declaration may lose its status as an Approved Builder. In such event, neither the Association, its officers, nor its directors shall be held liable to any Person for exercising the rights granted by this Section.

(v) *General*. In addition to the foregoing, the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the Committee.

Section 6.10. *Variances*. The Committee may authorize variances from compliance with the Design Guidelines and any required procedures when circumstances such as topography, natural obstructions, hardship or aesthetic or environmental considerations so require. Such variances shall not, however, (i) be effective unless in writing; (ii) be contrary to the restrictions set forth in this Declaration; or (iii) estop the Committee from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental

agency, the issuance of any permit, or the terms of any financing shall not constitute hardships.

Section 6.11. *Commencement and Continuity of Construction*. Construction of all Living Units and other structures permitted under this Declaration shall be commenced within thirty-six (36) months from the purchase date of such Lot or portion of the Property from the Declarant. In the event construction has not commenced in accordance with this condition, Declarant and/or his/her assigns have the option to repurchase said Lot or portion of the Property at the original purchase price as indicated on the original closing statement. In the event of transfer of ownership within this thirty-six (36) month period of time, the purchasing party must commence construction within original time frame or receive written extension from Committee or Association.

All Improvements commenced on the Property will be prosecuted diligently to completion and will be completed within twenty-four (24) months after commencement, unless an exception is granted in writing by the Committee. If an Improvement is commenced and construction is then abandoned for more than ninety (90) days, or if construction is not completed within the required 24-month period, then after notice and opportunity for hearing as provided in the Documents, the Association may impose a fine of not less than $100.00 per day (or such other reasonable amount as the Association may set) to be charged against the Owner of the Lot until construction is resumed, or the Improvement is completed, as applicable, unless the Owner can prove to the satisfaction of the Board of Directors that such abandonment is for circumstances beyond the Owner's control. Such charges will be a Default Assessment and lien as provided in *Article IX*.

No house or other structure on any portion of the Property shall be occupied as a Living Unit it is completed in accordance with the provisions of this Declaration and the requirements of the Town of Flower Mound, Denton County, Texas.

Section 6.12. *Reconstruction of Common Area*. The reconstruction by the Association after destruction by casualty or otherwise of any Common Area that is accomplished in substantial compliance with "as built" plans for such Common Area will not require compliance with the provisions of this Article or the Design Guidelines.

Section 6.13. *Construction Deposit*. In order to insure an Owner's compliance with the Documents, each Owner of a Lot situated immediately adjacent to the Common Area, or any portion thereof, shall pay to the Association a construction deposit, in an amount established by the Board from time to time, upon the Owner's submission of final plans and specifications for the construction or modification of an improvement under this *Article VI*. This deposit is in addition to any such deposit required under a separate agreement between an Owner and the Declarant. In the event the Committee disapproves of the final plans and specifications, the Association shall promptly return the construction deposit to said Owner upon receipt of the Owner's written request to do so. If said plans and specifications are approved, the entire construction deposit shall be held by the Association until construction of the improvement is completed in accordance with the approved plans as determined by the Board in its sole discretion. The Association shall release the construction deposit to the Owner, less any funds

expended or reserved by the Association pursuant to this Section, within thirty (30) days of receipt of written notice from the Owner of completion of the improvement.

The Association may, without waiving any other remedy provided by this Declaration or by law, draw upon the construction deposit or withhold the release of the deposit as necessary to cover, among other things (i) the cost or anticipated cost to repair damage to the Common Area caused by the Owner, his contractors, subcontractors, agents or employees, (ii) the cost or anticipated cost to perform the care, maintenance or repairs required to be performed by an Owner pursuant to this Declaration and any rules promulgated thereunder, and (iii) the cost or anticipated cost to restore an Owner's Lot to a condition existing prior to the commencement of nonconforming work (including, without limitation, the demolition and removal of any unapproved or nonconforming improvement). If any part of the construction deposit is applied by the Association, the Owner shall, immediately upon demand, deposit with the Association a sum equal to the amount so applied in order to restore the construction deposit to its original amount.

Section 6.14. *Builder Performance.* Neither the Association, the Committee or the Declarant, nor any affiliate of Declarant, as hereinafter defined, are a co-venturer, partner, agent, employer, stockholder or affiliate of any kind of or with any Builder, nor is any Builder an agent of Declarant or an affiliate of Declarant. Therefore, the Association, the Committee, the Declarant and affiliates of Declarant shall not be responsible for, or guarantors of, performance by any Builder of all or any of its obligations to any Owner pursuant to any contracts for the sale or construction of a Living Unit or Lot or otherwise. Neither the Association, the Committee or the Declarant nor any affiliates of Declarant has made, or have made, any warranty or representation with respect to performance by any Builder under any contract or otherwise.

Such Owner acknowledges and agrees that neither the Association, the Committee or the Declarant nor any affiliate of Declarant share any liability or obligation to Owner, related to or arising out of any contract with a Builder or otherwise, by reason of any failure by a Builder fully and adequately to perform its obligations to Owner. Owner further acknowledges and agrees that Owner has not, in entering into any contract with a Builder, relied upon any representations, oral or written, of the Association, the Committee, the Declarant or any affiliate of Declarant or any salesperson.

ARTICLE VII
PROPERTY USE RESTRICTIONS

Section 7.1. *General Restriction.* The Property will be used only for the purposes set forth in these Covenants, as permitted by the applicable ordinances of the Town, and the laws of the State of Texas and the United States, and as set forth in the Documents or other specific recorded covenants affecting all or any part of the Property. Specifically exempted from the provisions of this Declaration are activities by the Declarant, carried out in the regular pursuit of construction, maintenance and sales within the Property which exemption shall end when all development activity including sales by or on behalf of Declarant on the Property are completed.

Section 7.2. *Use of Lots*. Each Lot may be used only for the purposes permitted by the applicable zoning, including any applicable planned unit development. If the provisions of the applicable planned unit development are more restrictive than the provisions of this Declaration, the more restrictive provisions of the planned unit development shall be controlling. No business, trade or similar activity may be conducted in or from any Lot, except that an Owner or resident of a Living Unit may conduct business activities within the Lot so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot, (ii) the business activity conforms to all zoning requirements for the Property, (iii) the business activity does not noticeably increase the level of vehicular or pedestrian traffic or the number of vehicles parked in the Property, (iv) the business activity does not involve door-to-door solicitation of residents of the Property, and (v) the business activity is consistent with the residential character of the Property and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board.

Garage sales, moving sales, rummage sales, or similar activities on any Lot shall be subject to such restrictions as may be imposed by the Board from time to time, including restrictions on the number and the days during the year in which such sales may occur.

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

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

Section 7.3. *Vehicles*.

7.3.1 *Motorized Vehicles*. No trailer, motor home, camper (including vehicle-mounted campers, whether chassis or slide-in), tent, recreational vehicles, four-wheeler, jet ski, motorcycle, off road vehicle, hunting vehicle, so called "monster" truck, trucks with oversized wheels or tires, boat or truck (except pickup trucks not exceeding the one ton classification) ("Unauthorized vehicles") shall be parked, placed, erected, maintained or constructed on any portion of the Property or street for any purpose within the Property and streets adjacent thereto. However, Unauthorized Vehicles, other than recreational vehicles, which can be stored outside the Public View or completely within attached garages or enclosures acceptable to the Committee and are not used for living purposes will not be in violation of these restrictions. Recreational vehicles must be stored in garages or accessory buildings approved by the Committee and kept with the doors of such garage or other accessory building closed at all times except when the recreational vehicle is being moved in or out of the structure. All other vehicles

belonging to occupants must be parked overnight in occupants' driveway or in the above mentioned garage or other enclosure. In no case may the occupants' vehicles be parked overnight on the streets of the Property or within the improved yard of the occupant.

7.3.2. *Abandoned, Inoperable, or Oversized Vehicles*. No abandoned or inoperable vehicles of any kind will be stored or parked on any portion of the Property, except as provided below. "Abandoned or inoperable vehicle" is defined as any vehicle which has not been driven under its own propulsion for a period of three weeks or longer; provided, however, this will not include vehicles parked by Owners while on vacation or residing away from Chateau du Lac. A written notice describing the "abandoned or inoperable vehicle" and requesting its removal may be personally served upon the Owner or posted on the unused vehicle. If such vehicle has not been removed within 72 hours after notice has been given, the Association will have the right to remove the vehicle without liability, and the expense of removal will be a Default Assessment charged against the Owner as provided in *Section 9.5*. All unsightly or oversized vehicles, snow and ice removal equipment, garden maintenance equipment, and all other unsightly equipment and machinery may be required by Declarant or the Board of Directors to be stored at a designated location or locations. "Oversized" vehicles, for purposes of this Section, will be vehicles which are too high to clear the entrance to a residential garage.

7.3.3 *Vehicle Repairs*. No repair work, dismantling or assembling of motor vehicles or other machinery or equipment shall be done or permitted on any portion of the Property except inside a closed garage.

7.3.4. *Off-road Vehicles*. No off-road vehicles will be allowed to operate on any roads or trails in the Property, except for emergency purposes or in areas specifically designated for such purposes by the Board. Motorcycles may be used on roads in the Property only for transportation to and from a Living Unit and shall be operated in a quiet manner.

7.3.5. *Hazardous Cargo*. No vehicle of any size which transports inflammatory or explosive or hazardous cargo may be parked or kept on any portion of the Property at any time.

7.3.6. *Deliver Vehicles*. This restriction, however, will not be deemed to prohibit commercial and construction vehicles, in the ordinary course of business, from making deliveries or otherwise providing services to the Property or for Declarant or the other Owners.

7.3.7. *Enforcement*. Any vehicle parked in violation of this *Section 7.3* or parking rules promulgated by the Board may be removed without liability, and the expense of removal will be a Default Assessment charged against the Owner as provided in *Section 9.5*.

Section 7.4. *Excavation; Mineral Development*. No excavation will be made except in connection with Improvements approved as provided in these Covenants. For purposes of this Section, "excavation" means any disturbance of the surface of the land which results in a removal of earth, rock, or other substance a depth of more than 18 inches below the natural surface of the land. Except as approved by the Association, no oil or gas drilling, oil or gas development operations, oil, gas or other refining, quarrying or mining operations of any kind

shall be permitted upon or in any portion of the Property, nor shall oil or gas wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any portion of the Property. No derrick or other similar structure shall be erected, maintained or permitted upon any portion of the Property.

Section 7.5. *Electrical, Television, Natural Gas and Telephone Service.* All electrical, television, natural gas and telephone service installations will be placed underground.

Section 7.6. *Sanitation.* Each Living Unit will connect with sanitation facilities as are made available from time to time by the Town or any other approved utility supplier. No septic tanks or drainfields shall be permitted on any residential Lots.

Section 7.7. *Water and Wells.* Each Living Unit will connect with water facilities as are made available from time to time by the Association, the Town or other approved utility supplier. No wells from which water, oil, or gas is produced shall be permitted on any residential Lots. Declarant, the Association, and their assigns may own, install, maintain and operate water wells, water works, storage tanks, reservoirs, or other facilities in the Common Area.

Section 7.8. *Signs.* No sign shall be erected or maintained on any of the Property except for: (a) a uniform standardized sign approved by the Committee, which sign will be owned and provided by the Declarant, at the subject Lot Owner's expense, which identifies the Builder or general contractor actually engaged in the construction of improvements of the Living Unit on the affected Lot, but only for the period of time after actual commencement of construction and expiring on substantial completion, not to exceed ninety (90) days, which identifies the Builder and complies with the sign size and requirements permitted by the Committee and, (b) a standardized sign of the listing realtor actually engaged in the sale of the affected Lot, but only for the period of time during which a licensed real estate broker is actively marketing the affected Lot for sale, not to exceed ninety (90) days, and (c) political signs advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than a reasonable period of time (in no event to exceed sixty (60) days in advance of the election to which they pertain and are removed within fifty (15) days after the election. Any such sign must comply with the requirements of the Design Guidelines and all applicable ordinances of the Town of Flower Mound and shall not exceed the lesser of 16 square feet in size and the maximum sign size and requirements permitted by the applicable ordinances of the Town of Flower Mound. Such builder/construction sign shall conform to the requirements of the Design Guidelines attached hereto and incorporated herein. Signs indicating the property is "for sale" are not permitted, but private sales information on specific Lots will be made available to the public (if requested by the Owner) at the Property entrance or in such other manner applied uniformly to all Lots as may be approved by the Committee.

Section 7.9. *Animals and Pets.* No animals, livestock, or poultry of any kind will be kept, raised, or bred on any portion of the Property, except dogs, cats or other household pets (the kind and number of which may be regulated, permitted or prohibited from time to time by the Rules). Notwithstanding the above, those pets which are permitted to roam free or, in the sole discretion of the Board, endanger the health, make objectionable noise or constitute a nuisance or

inconvenience to the Residents of other Lots shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet.

7.9.1. *Containment*. Household pets, such as dogs and cats, must be contained upon the Owner's Lot, and such pets may not be permitted to run at large at any time.

7.9.2. *Leashes*. Pedestrians within the Property who are accompanied by dogs must have the dogs under the pedestrians' direct control by use of a leash not to exceed 10 feet in length.

7.9.3. *Attractants*. The use of wildlife attractants such as salt licks is prohibited. This provision shall not prohibit bird feeders.

Section 7.10. *Drainage*. No Owner will do or permit any work, place any landscaping or install any other Improvements or suffer the existence of any condition whatsoever which will alter or interfere with the drainage pattern for the Property, except to the extent such alteration and drainage pattern is approved in writing by the Architectural Control Committee or the Board of Directors, and except for the right which is hereby reserved to Declarant to alter or change drainage patterns.

Section 7.11. *Trash*. No portion of the Property shall be used or maintained as a landfill or other place for the dumping or storage of rubbish, grass clippings, garbage, tree limbs (whether cut or fallen), chipped or mulched tree material, logs, firewood, stone, brick, construction material or trash (collectively, "Garbage"). Garbage and other waste on any Lot shall be kept in closed sanitary containers. Firewood shall be stored inside of garages or accessory buildings or out of the Public View. All containers for the storage or disposal of such materials shall be kept inside the living unit or connected garage, except on the scheduled trash pickup days.

Section 7.12. *Construction Regulations of the Design Guidelines*. All Owners and contractors shall comply with the portions of the Design Guidelines regulating construction activities. Such regulations may affect, without limitation, the following: trash and debris removal; sanitary facilities; parking areas; outside storage; restoration of damaged property; conduct and behavior of Builders, subcontractors and Owners' representatives on the Property at any time; the conservation of landscape materials; and fire protection.

Section 7.13. *Blasting*. If any blasting is to occur, the Architectural Control Committee and Declarant will be informed far enough in advance to allow them to make such investigation as they deem necessary to confirm that appropriate protective measures have been taken prior to the blasting. Notwithstanding the foregoing, no approval of any blasting by Declarant or the Architectural Control Committee will in any way release the Person conducting the blasting from all liability in connection with the blasting, nor will such approval in any way be deemed to make Declarant or the Architectural Control Committee liable for any damage which may occur from blasting, and the Person doing the blasting will defend and hold harmless and hereby indemnifies Declarant and the Architectural Control Committee from any such expense or

liability. Declarant or the Architectural Control Committee may impose any reasonable conditions and restrictions, including time and date restrictions, on all blasting.

Section 7.14. *Temporary Structures*. No temporary structures will be permitted except as may be determined to be necessary during construction and as specifically authorized by the Architectural Control Committee, and except as necessary for the exercise by Declarant of the Special Declarant Rights.

Section 7.15. *Compliance with Laws*. Subject to the rights of reasonable contest, each Owner will promptly comply with the provisions of all applicable laws, regulations, ordinances, and other governmental or quasi-governmental regulations with respect to all or any portion of the Property.

Without limiting the generality of the foregoing, each Owner will abide by any wildlife regulations imposed by the Association or any agency or authority having jurisdiction over the Property. Further, no Owner will dispose or allow any Person under the Owner's control or direction to release, discharge or emit from the Property or dispose of any material on the Property that is designated as hazardous or toxic under any federal, state or local law, ordinance or regulation.

Section 7.16. *No Outside Clotheslines*. No laundry or wash will be dried or hung outside any Building.

Section 7.17. *Antennae*. No exterior antennas, aerials, satellite dishes or other apparatus for the transmission of television, radio, satellite or other signals of any kind shall be placed, allowed or maintained upon any portion of the Property, except that (i) antennas or satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; (ii) antennas or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; or (iii) antennas or satellite dishes designed to receive television broadcast signals [(i), (ii) and (iii) are collectively referred to as "Permitted Devices"] shall be permitted, provided that any such Permitted Device is placed in the least conspicuous location on the Lot at which an acceptable quality signal can be received and is not visible from neighboring property or is screened from Public View of adjacent Lots in a manner consistent with the Design Guidelines.

Section 7.18. *Outside Burning*. There will be no exterior fires, except barbecues, outside fireplaces, braziers and incinerator fires contained within facilities or receptacles and in areas designated and approved by the Architectural Control Committee. No Owner will permit any condition upon its portion of the Property which creates a fire hazard or is in violation of fire prevention regulations.

Section 7.19. *Fertilizers and Pesticides*. Application of fertilizers or pesticides in the subdivision should be minimized to protect the water quality of the downstream residents.

Section 7.20. *Noise*. No exterior horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of the Property or Improvements, will be placed or used on any portion of the Property.

Section 7.21. *Lighting*. All exterior lighting of the Improvements and grounds on the Property will be subject to regulation by the Architectural Control Committee.

Section 7.22. *Obstructions*. There will be no obstruction of any walkways or bike paths or interference with the free use of those walkways and paths except as may be reasonably required in connection with repairs. The Owners, their families, tenants, guests and invitees are granted nonexclusive easements to use the walkways and paths within the Property. That use will be subject to the Rules adopted by the Board from time to time.

Section 7.23. *Camping and Picnicking*. No camping or picnicking will be allowed within the Property except in those areas designated for those purposes. The Board, in its discretion, may ban or permit public assemblies and rallies within the Property.

Section 7.24. *House Numbers*. Each Living Unit will have a house number with a design and location established by the Architectural Control Committee. All house numbers shall be visible from the road, either on the building or at the driveway entrance.

Section 7.25. *Fire Clearance Measures*. In construction and landscaping of houses, Owners shall create and maintain defensible space/vegetative clearance measures around structures as required by the Chateau du Lac Subdivision Regulations and as indicated on the approved planned unit development for the Property, for the purpose of reducing fire danger.

Section 7.26. *Roofing Material*. Owners shall utilize only those roofing materials permitted by the Design Guidelines.

Section 7.27. *Building Code*. All improvements shall be constructed in accordance with the applicable building codes of the Town. All development of the Property shall be in accordance with the applicable building code and building permits shall be obtained as provided in the applicable building code. All development of the Property shall also be in accordance with the zoning regulations applicable to the Property and the provisions of the applicable planned unit development.

Section 7.28. *Fencing*. Fence height and material shall be in accordance with the Design Guidelines.

Section 7.29. *Clear Vision Area and Cul-de-sacs*. No fence, wall, hedge, shrub, planting or other obstruction to view in excess of two feet (2) in height shall be placed or permitted to exist on any corner Lot within the triangular area formed by the street right-of-way lines and a line connecting them at a point twenty-five feet (25') from the intersection of the right-of way lines, or in the case of a rounded property corner, from the intersection of the right-of-way lines. The same sight line limitations shall apply on any Lot within ten feet (10') from the intersection of a street right-of-way line to the edge of a driveway pavement edge or alley right-of-way line

to the edge of a driveway pavement edge or alley right-of-way line. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 7.30. *Nuisance*. No obnoxious or offensive activity will be carried on within the Property, nor will anything be done or permitted which will constitute a public nuisance. No noise or other nuisance will be permitted to exist or operate upon the Property so as to be offensive or detrimental to any other part of the Property or its occupants.

Section 7.31. *General Practices Prohibited*. The following practices are prohibited at Chateau du Lac:

7.31.1. Allowing construction suppliers and contractors to clean their equipment other than at a location designated for that purpose by the Architectural Control Committee;

7.31.2. Removing any rock, plant material, top soil or similar items from any property of others;

7.31.4. Use of surface water for construction; or

7.31.5. Careless disposition of cigarettes and other flammable materials.

Section 7.32. *Use of Property During Construction*. It will be expressly permissible and proper for Declarant and any Owner acting with the prior written consent of the Architectural Control Committee, and their respective employees, agents, independent contractors, successors, and assigns involved in the construction of Improvements on, or the providing of utility service to, the Property, or other real property owned by Declarant, to perform such activities and to maintain upon portions of the Property as they deem necessary, such facilities as may be reasonably required, convenient, necessary or incidental to such construction and development of the Property. This permission specifically includes, without limiting the generality of the foregoing, maintaining storage areas, construction yards and equipment and signs. However, no activity will be performed and no facility will be maintained on any portion of the Property in such a way as to unreasonably interfere with or disturb any purchaser or Owner of a Lot, or to unreasonably interfere with the use, enjoyment or access of such Owner or his tenants, employees, guests, or business invites, of and to his Lot. If any Owner's use under this provision is deemed objectionable by the Architectural Control Committee, then the Architectural Control Committee, as applicable, in its sole discretion, may withdraw this permission.

Notwithstanding the foregoing, this Section will not operate to prevent the exercise of any Special Declarant Rights.

Section 7.33. *Partition or Combination of Lots*. No part of a Lot which is restricted in use to Living Units may be partitioned or separated from any other part thereof. No such Lots

may be combined, but the Owner of two or more contiguous Lots may build one Living Unit on the contiguous Lots, upon complying with all applicable requirements of the Town, and with all applicable Design Guidelines, including without limitation procedures for adjusting Building Sites otherwise drawn for the Lots to accommodate a larger Living Unit, minimum and maximum limitations of living area that may be constructed on any given number of contiguous Lots, and measures necessary to preserve any easements reserved with respect to the contiguous Lots. Declarant, however, hereby expressly reserves the right to subdivide, change the boundary line of and replat any Lot(s) owned by Declarant subject to approval from the Town of Flower Mound.

The fact that two or more contiguous Lots may be owned by one Person and developed with one single family Living Unit will not effect the number of votes or the amount of Assessments allocated to the Lots. If the Owner is required by the Town or any other governmental authority or by a Mortgagee to replat the Lots in order to construct Improvements on them, the number of votes and the allocation of Assessments to the Lots after replating will equal the sum of the votes and Assessments allocated to the Lots before replating. Each Lot will be conveyed, transferred, gifted, devised, bequeathed, encumbered or otherwise disposed of, as the case may be, with all appurtenant rights and interests created by law or by this Declaration, including the Owner's membership in the Association and the right to use the Common Area, and with the appropriate allocation of voting rights and liability for Assessments established for the Lot as provided in this Deduction.

Section 7.34. *Common Area--Covenants to Apply*. The provisions of this Article above, with the exception of *Section 7.2*, will apply to the Common Area, and the Common Area will have the benefit of the provisions of this Article.

Section 7.35. *Rental and Leasing*. The Owner of a Lot will have the right to rent or lease his Lot, subject to the following conditions:

7.35.1. For Lots in areas designated on the Plat as being for single family residential use, all leases or rental agreements must be in writing with a minimum term of at least six (6) months.

7.35.2. The lease or rental agreement shall be specifically subject to the Documents, and any failure of a tenant to comply with the Documents will be a default under the lease or rental agreement.

7.35.3. The Owner shall be liable for any violation of the Documents committed by the Owner's tenant, without prejudice to the Owner's right to collect any sums paid by the Owner on behalf of the tenant.

7.35.4 No Owner shall lease his or her Lot, or any portion thereof, without the prior written consent of the Board. Any lease of a Lot in violation of this Paragraph shall be void

and of no force and effect. The Association shall have the power and authority to enforce this provision in any legal manner available, as the Board deems appropriate, including, without limitation, taking action to evict the occupants of any Lot which does not comply with the requirements and restrictions hereof. **EACH OWNER HEREBY APPOINTS THE ASSOCIATION AS ITS ATTORNEY-IN-FACT FOR THE PURPOSE OF TAKING LEGAL ACTION TO DISPOSSESS, EVICT OR OTHERWISE REMOVE THE OCCUPANTS OF HIS OR HER LOT AS NECESSARY TO ENFORCE COMPLIANCE WITH THIS PARAGRAPH.** Each Owner shall fully and truthfully respond to any and all requests by the Association for information regarding the occupancy of his or her Lot which in the judgment of the Board are reasonably necessary to monitor compliance with this provision.

Section 7.36. *Wetlands, Lakes and Other Water Bodies*. Unless otherwise designated by the Board in writing, all wetlands, lakes, ponds and streams within the Property, if any, shall be aesthetic amenities only and no other use thereof, including, without limitation, fishing, skiing, swimming, boating, playing or use of personal flotation devices, shall be permitted without the prior approval of the Board. The Association shall not be responsible for any loss, damage or injury to any Person or property arising out of the authorized or unauthorized use of lakes, ponds or streams within the Property. No docks, piers or other structures shall be constructed on or over any body of water within the Property, except such as may be constructed by the Declarant or the Association.

Section 7.37. *Single Family Restriction*. No Lot shall be occupied by more than a single family. For purposes of this restriction, a single family shall be defined as any number of Persons related by blood, adoption or marriage living with not more than two Persons who are not so related as a single household unit, or no more than three Persons who are not so related living together as a single household unit, and the household employees of either such household unit; provided, however, that nothing herein shall be interpreted to restrict the ability of one or more adults meeting the definition of a single-family from residing with any number of Persons under the age of eighteen (18) over whom such Persons have legal authority.

Section 7.38. *Access Restrictions*. Access to the Property shall be restricted to the Owner or resident, and the Owner's or resident's family, guests, invitees, contractors, and employees, and to policemen, firemen, ambulance personnel and similar emergency personnel in the performance of their respective duties, and to any officer of the court with an appropriate court order. Real estate agents will only be given access to the Property if the agent has scheduled the visitation through the Sales Center. The attendant on duty at the entrance gate must be notified by the Owner or resident **in advance** of any guest/invitee to be granted entrance to the Property. The Association may allow Owners or residents to submit a standing guest list to the Association for recurring guests and invitees. Any guest/invitee arriving at the gate without prior notification from the resident will be denied admittance. The attendant on duty will not make a courtesy call to the resident seeking permission to admit the guest/invitee, nor will the attendant on duty permit the guest/invitee to make a phone call from the entrance station. In such instances, the guest/invitee will have to contact the resident from a public phone or personal cell

phone and have the resident contact the attendant with the appropriate authorization to admit the guest/invitee.

To ensure the intended guest/invitee is in the vehicle being admitted, some form of identification, such as a driver's license, must be verified for the named guest/invitee who has received authorized admittance. As deemed appropriate by the attendant on duty, the identifying information provided may be recorded in the gate log, along with a description and license number of the vehicle. The information may be retained by the Association.

Section 7.39. *Enforcement.* The Association may take such action as it deems advisable to enforce these Covenants as provided in this Declaration. In addition, the Association will have a right of entry on any part of the Property for the purposes of enforcing this Article, and any costs incurred by the Association in connection with such enforcement which remain unpaid thirty (30) days after the Association has given notice of the cost to the Owner and otherwise complied with the Act will be subject to interest at the Default Rate from the date of the advance by the Association through the date of payment in full by the Owner, and will be treated as a Default Assessment enforceable as provided in *Article IX.*

ARTICLE VIII
OWNERS' OBLIGATIONS FOR MAINTENANCE

Section 8.1. *Owner's Responsibility for Lot.* Except as provided in the Documents or by written agreement with the Association, all maintenance of a Lot and the Improvements located on it will be the sole responsibility of the Owner of the Lot. Such maintenance shall include the following:

8.1.1. His or her Lot and all landscaping, structures, fences, parking areas, sidewalks and other Improvements within the boundaries of the Lot, such maintenance to include, without limitation, the following:

(i) Prompt removal of litter, trash, refuse and waste;

(ii) Lawn mowing on a regular basis;

(iii) Tree and shrub pruning;

(iv) Watering landscaped areas;

(v) Keeping lawn and garden areas alive, free of weeds and attractive;

(vi) Complying with all government, health and police requirements, including those of the Town;

(vii) Repair of exterior damages to improvements; and

(viii) Painting and repainting of improvements as often as is reasonably necessary to ensure the attractiveness and aesthetic quality of such Lot or improvement as determined by the Committee. The approval of the Committee otherwise required herein shall not be required for such repainting so long as neither the color scheme nor the arrangement of the colors of any improvements, nor the color of paint thereon, is substantially altered;

8.1.2. The driveway serving his or her Lot whether or not lying entirely within the Lot boundaries;

8.1.3. Upon issuance of a Certificate of Compliance, all landscaping on that portion of the Common Area or private right-of-way between the Lot boundary and the nearest curb or pavement edge of the adjoining street(s) or the nearest fence, wall or berm constructed on the adjacent Common Area;

8.1.4. All landscaping on that portion of the Common Area or public right-of-way between the Lot boundary and (i) any abutting bank or water's edge of any lake, pond, stream or wetlands area within the Property, or (ii) any Common Area abutting the bank or water's edge of any lake, pond, stream or wetlands area within the Property; provided, there shall be no right to remove trees, shrubs or similar vegetation from this area without prior approval pursuant to *Article VI* hereof.

Section 8.2. *Maintenance Standards*. Each Owner will maintain its Lot in accordance with the community-wide standard of Chateau du Lac. Each Lot on which a residential Living Unit has been constructed shall have, and the Owner of each such Lot shall operate and maintain, an underground water sprinkler system or other providing sufficient water or other means to preserve and maintain (to the standards described in this Article) the landscaping to the yard areas exposed to the Public View. Said sprinkler or other system shall be installed and completed within thirty (30) days after the main Living Unit has been completed. Landscaping of each such Lot shall be completed within thirty (30) days after the date on which the main Living Unit has been completed, with such landscaping meeting the requirements of this Declaration and the Design Guidelines. The Owner of each such Lot shall exercise all reasonable efforts to keep, preserve and maintain the landscaping in a healthy and attractive condition to the standards specified in this Declaration.

Section 8.3. *Assumption of Maintenance*. The Association will, in the discretion of the Board, assume the maintenance responsibilities of such Owner if, in the opinion of the Board, the level and quality of maintenance being provided by such Owner does not satisfy such standard. Before assuming the maintenance responsibilities, the Board will notify the Owner in writing of its intention to do so, and if the Owner has not commenced and diligently pursued remedial action within ten (10) days after the mailing of such written notice, then the Association will proceed. The expenses of the maintenance by the Board will be reimbursed to the Association by

the Owner within ten (10) days after the Association notifies the Owner of the amount due, and any sum not reimbursed within that 10-day period will bear interest at the Default Rate from the date of the expenditure until payment in full. Such charges will be a Default Assessment enforceable as provided in *Article IX*.

Section 8.4. *Common Area Maintenance*. The Common Area shall be landscaped and maintained by the Association in a manner determined by the Declarant and Association to be compatible with the Property. The community of the Property is intended by the Declarant, planners and residents to embody the finest standards in single-family detached housing and landscaping, with the intent to produce a refined and elegant landscape setting for the Property houses.

Section 8.5. *Owner's Negligence*. If the need for maintenance, repair or replacement of any portion of the Common Area (including Improvements located on it) arises because of the negligent or willful act or omission of an Owner or his family member, guest, invitee or tenant, then the expenses incurred by the Association for the maintenance, repair or replacement will be a personal obligation of that Owner. If the Owner fails to repay the expenses incurred by the Association within ten (10) days after the notice to the Owner of the amount owed, then those expenses will bear interest at the Default Rate from the date of the advance by the Association until payment by the responsible Owner in full, and all such expenses and interest will become a Default Assessment enforceable in accordance with *Article IX*.

ARTICLE IX
ASSESSMENTS

Section 9.1. *Creation of Lien and Personal Obligation for Assessments*. Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot, by accepting a deed for a Lot, is deemed to covenant to pay to the Association (1) the Annual Assessments imposed by the Board of Directors as necessary to fund the Common Expenses and to generally carry out the functions of the Association; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration; and (3) Default Assessments which may be assessed against a Lot pursuant to the Documents for the Owner's failure to perform an obligation under the Documents, because the Association has incurred an expense on behalf of or caused by the Owner under the Documents, or because the Association has levied a fine against the Owner for violation of the Documents.

All Assessments, together with fines, late charges, interest, collection costs, and reasonable attorneys' fees and costs, will be a charge on the land and will be a continuing lien upon the Lot against which each such Assessment is made until paid.

Each such Assessment, together with fines, late charges, interest, costs, and reasonable attorneys' fees, will also be the personal and individual obligation of the Owner of such Lot as of the time the Assessment falls due, and two or more Owners of a Lot will be jointly and severally

liable for such obligations. No Owner may exempt himself from liability for any Assessments by abandonment of his Lot or by waiver of the use or enjoyment of the Common Area or any other reason. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association or for inconvenience or discomfort arising from the making of repairs or improvements, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority or for any other action taken or failed to be taken by the Association. Suit to recover a money judgement for unpaid Assessments and related charges as listed above may be maintained without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 9.2. *Purpose of Assessments*. The assessments levied in accordance with this Declaration shall be used, exclusively for: (i) services and benefits common or available to all of the Owners, (ii) the purpose of promoting the convenience, recreation, and welfare of the residents in the Property, and, in particular, for the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the maintenance, repair, use and enjoyment of the Common Areas and of the Living Units situated upon or appurtenant to the Property, including, but not limited to, the payment of patrol services, concierge services, insurance, landscaping, irrigation, utilities, repairs and/or replacements and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

Section 9.3. *Annual Assessments*.

9.3.1. *Calculation of Annual Assessments*. The Board of Directors will prepare a budget before the close of each fiscal year of the Association. Annual Assessments for Common Expenses will be based upon the estimated expenses of the Association to cover items including, without limitation, the cost of routine maintenance, repair and operation of the Common Area; expenses of management; and premiums for insurance coverage as deemed desirable or necessary by the Association; snow and ice removal, landscaping, care of grounds and common lighting within the Common Area; routine renovations within the Common Area; wages; common water and utility charges for the Common Area; legal and accounting fees; management fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any deficit remaining from a previous Assessment period; and the supplementing of the reserve fund for general, routine maintenance, repairs and replacement of improvements within the Common Area on a periodic basis, as needed.

9.3.2. *Required Reserves*. The Association shall establish and maintain an adequate reserve fund to ensure the continuous and perpetual use, operation, maintenance and/or supervision of all Common Areas and other facilities, structures, improvements, systems, areas or grounds that are the Association's responsibility.

9.3.3. *Change in Annual Assessment Rate*. The Board of Directors of the Association, may from time to time, after consideration of current maintenance costs and future

needs of the Association, adjust (increase or decrease) the amount of the Annual Assessment and/or the due dates of any installments of the Annual Assessment; provided, however, that any increase (whether one or more) in the Annual Assessment during a fiscal year which increases the Annual Assessment in the aggregate by more than twenty percent (20%) over the prior fiscal year's Annual Assessment shall have the approval of the Declarant for so long as Declarant owns a Lot for development and sale in the Property, and a majority of the Members who are present, in person or by proxy, at a meeting duly called for such purpose; provided, however, that such notice and vote shall not be required or applicable in the event such assessment is required to defray the cost of any obligatory duty or responsibility of the Association to the Town set forth in this Declaration. The quorum for any action authorized by this *Section 9.3.3* shall be as follows:

1. At the first meeting called hereof, the presence at the meeting of Members or of proxies entitled to cast fifty-one percent (51%) of all the votes of the membership shall constitute a quorum.

2. If the required quorum is not forthcoming at the first meeting, another meeting may be called subject to the notice requirements set forth in the Bylaws and the required quorum at any such subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

9.3.4. *Apportionment of Annual Assessments*. Each Owner will be responsible for that Owner's share of the Common Expenses, which will be divided equally among the Lots included in the Project under this Declaration from time to time. Accordingly, at any given time, an Owner's share of Common Expenses will be determined as a fraction, the numerator of which is the number of Lots owned by the Owner, and the denominator of which is the number of Lots then platted and incorporated in the Project. Notwithstanding the preceding sentence, any Common Expenses or portion thereof benefiting fewer than all of the Lots will be assessed exclusively against the Lots benefited.

9.3.5. *Collection*. Annual Assessments will be collected in periodic installments as the Board may determine from time to time, but until the Board directs otherwise, they will be payable annually in advance on the first day of each calendar year. The omission or failure of the Association to fix the Annual Assessments for any Assessment period will not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association will have the right, but not the obligation, to make pro rata refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year.

9.3.6. *Date of Commencement of Annual Assessments*. The Annual Assessments will commence as to each Lot on the first day of the month following the month in which the Lot is made subject to this Declaration. The first Annual Assessment levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments

commence on the Lot. The Annual Assessments will commence for Lots contained in each phase of annexed property incorporated in the Property on the first day of the month following the recording of the Declaration of Annexation incorporating them into the Property, and will be prorated according to the number of months remaining in the calendar year.

9.3.7. *Budget Deficits*. During the Declarant Control Period, the Declarant may satisfy its assessment obligations of its Lots either by paying assessments on its unsold Lots in the same manner as any other Owner or by paying the difference between the amount of assessments (exclusive of reserve contributions) levied on all other Lots subject to assessment and the amount of actual expenditures (exclusive of reserve contributions) incurred by the Association during the fiscal year (the "budget deficit"). Unless the Declarant otherwise notifies the Board in writing at least sixty (60) days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of such election, the Association shall have a lien against all Lots owned by the Declarant to secure the Declarant's obligations under this Section, which lien shall have the same attributes and shall be enforceable in the same manner as the Association's lien against other Lots under this Article. The Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After elimination of the budget deficits or the termination of the Declarant Control Period, whichever occurs first, Declarant shall pay assessments on its unsold Lots in the same manner as any other Owner.

9.3.8. *Declarant Subsidy*. The Declarant may reduce the Annual Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under *Section 9.3.7* above), which may be either a contribution, an advance against future assessments due from Declarant, or a loan, in the Declarant's absolute discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. The payment of such subsidy in any year shall not otherwise obligate the Declarant to continue payment of such subsidy in future years, unless provided in a written agreement between Declarant and the Association.

Section 9.4. *Special Assessments*.

9.4.1. *Determination by Board*. The Board of Directors may levy in any fiscal year one or more Special Assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, or, to cover unbudgeted expenses or expenses in excess of the amount budgeted provided that any such assessment shall have the approval of the Declarant for so long as the Declarant owns a Lot for development and sale in the Property, and a majority of the Members who are present, in person or by proxy, at a meeting duly called for such purpose; provided, however, that such notice and vote shall not be required or applicable in the event such assessment is required to defray the cost of any obligatory duty or responsibility of the Association to the Town set forth in this Declaration. The quorum for any action authorized by this *Section 9.4.1* shall be as follows:

1. At the first meeting called hereof, the presence at the meeting of Members or of proxies entitled to cast fifty-one percent (51%) of all the votes of the membership shall constitute a quorum.

2. If the required quorum is not forthcoming at the first meeting, another meeting may be called subject to the notice requirements set forth in the Bylaws and the required quorum at any such subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

9.4.2. *Apportionment and Collection of Special Assessments*. The Board will apportion Special Assessments among the Lots and collect payment according to the same guidelines as set forth for Annual Assessments in *Section 9.3.2*. Lots in a newly platted portion of annexed property shall not be subject to Special Assessments which preceded the recording of the new Plat, unless the Special Assessment is due in monthly or periodic installments, in which case the Lots in the newly platted portion shall be subject to the Special Assessment only to the extent of the installments which are not yet due at the time of the recording of the new Plat.

9.4.3. *Notice*. Notice of the amount and due dates for such Special Assessments must be sent to each Owner at least thirty (30) days prior to the due date.

Section 9.5. *Default Assessments*. All monetary fines, penalties, interest or other charges or fees (excluding Annual and Special Assessments) levied against an Owner pursuant to the Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Documents, and any expense (including without limitation attorneys' and legal assistants' fees) incurred by the Association as a result of the failure of an Owner to abide by the Documents, and the costs of providing benefits, items or services not provided to all Lots, such as landscape maintenance, child care, pest control service, security, concierge services and transportation services; constitutes a Default Assessment, enforceable in the same manner as Annual and Special Assessments as provided in this Declaration below.

Section 9.6. *General Remedies of the Association for Nonpayment of Assessment*. Any installment of an Annual Assessment, a Special Assessment, or Default Assessment which is not paid within thirty (30) days after its due date will be delinquent. In the event that an installment of an Annual or Special Assessment becomes delinquent, or in the event any Default Assessment is established under this Declaration, the Association, in its sole discretion, may take any or all of the following actions:

9.6.1. Assess a late charge for each delinquency at uniform rates set by the Board of Directors from time to time;

9.6.2. Charge interest from the date of delinquency at the Default Rate;

9.6.3. Suspend the voting rights of the Owner and the right of the Owner to use any recreational facility during any period of delinquency;

9.6.4. Accelerate all remaining Assessment installments for the fiscal year in question so that unpaid Assessments for the remainder of the fiscal year will be due and payable at once;

9.6.5. Bring an action at law against any Owner personally obligated to pay the delinquent Assessment charges;

9.6.6. File a statement of lien with respect of the Lot and foreclose the Association lien for assessments as set forth in more detail below.

The remedies provided under this Declaration will not be exclusive, and the Association may enforce any other remedies to collect delinquent Assessments as may be provided by law.

Section 9.7. *Assessment Lien*. The Association shall continue to have a lien from and after the date of the original Declaration against each Lot to secure payment of delinquent assessments, as well as interest (subject to the limitations of Texas law), late charges, and costs of collection (including attorney's fees). To evidence the lien, the Association may, but will not be obligated to, prepare a written lien statement with respect to the Lot, setting forth the name of the Owner, the legal description of the Lot, the name of the Association, and the delinquent Assessments amounts then owing. Any such statement will be duly signed and acknowledged by an officer or director of the Association or by the Manager or by any other duly authorized agent of the Association, and will be served upon the Owner of the Lot by mail to the address of the Lot or at such other address as the Association may have in its records for the Owner. However, the failure of the Association to execute and record any such document shall not, to any extent, affect the validity, enforceability or priority of the lien. The lien may be foreclosed through judicial or, to the extent allowed by law, non-judicial foreclosure proceedings in accordance with Section 51.002 *et seq*. of the Texas Property Code (the "Foreclosure Statute"), as it may be amended from time to time, in like manner of any deed of trust on real property. In connection with the lien created herein, each Owner of a Lot hereby grants to the Association, whether or not it is so expressed in the deed, the contract for sale or other conveyance to such Owner, a power of sale to be exercised in accordance with the Foreclosure Statute. At any foreclosure proceeding, any Person may bid for the Lot at foreclosure sale and acquire, hold, lease, mortgage and convey the Lot. While the Association owns the Lot following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Lot shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association. The Association may sue to recover a money judgment for unpaid Assessments and other charges without foreclosing or waiving the lien securing the same.

The Association will have the power to bid on a Lot at foreclosure sale and to acquire, hold, lease, mortgage and convey the Lot.

Section 9.8. *Successor's Liability for Assessment.* All successors to the fee simple title of a Lot, except as provided in *Section 9.10*, will be subject to the Association's lien for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' and legal assistants' fees due against such Lot at the time of the transfer of title to such Lot without prejudice to any such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor will not be personal and will terminate upon termination of such successor's fee simple interest in the Lot. In addition, such successor will be entitled to rely on the statement of status of Assessments by or on behalf of the Association under *Section 9.13*.

Section 9.9. *Waiver of Homestead Exemption; Subordination of the Lien.* The lien of the Assessments will be superior to and prior to any homestead exemption provided now or in the future by the laws of the State of Texas, and to all other liens and encumbrances *except* the following:

9.9.1. Liens and encumbrances recorded before the date of the recording of this Declaration;

9.9.2. Liens for real estate taxes and other governmental assessments or charges duly imposed against the Lot by a Texas governmental or political subdivision or special taxing district, or any other liens made superior by statute; and

9.9.3. The lien for all sums unpaid on a First Mortgage recorded before the date on which the Assessment sought to be enforced became delinquent, including any and all advances made by the First Mortgagee, even though some or all of such advances may have been made subsequent to the date of attachment of the Association's lien.

With respect to *Section 9.9.3*, any First Mortgagee who acquires title to a Lot by virtue of foreclosing the First Mortgage or by virtue of a deed or assignment in lieu of such a foreclosure, or any purchaser at a foreclosure sale of the First Mortgage, will take the Lot free of any claims for unpaid Assessments, interest, late charges, costs, expenses, and attorneys' (and legal assistants') fees against the Lot which accrue prior to the time such First Mortgagee or purchaser acquires title to the Lot.

All other Persons who hold a lien or encumbrance of any type *not* described in *Sections 9.9.1* through *9.9.3* will be deemed to consent that the lien or encumbrance will be subordinate to the Association's future liens for Assessments, interest, late charges, costs, expenses and attorneys' (and legal assistants') fees, as provided in this Article, whether or not such consent is specifically set forth in the instrument creating any such lien or encumbrance.

Section 9.10. *Reallocation of Assessments Secured by Extinguished Liens.* The sale or transfer of any Lot to enforce any of the liens to which the lien for Assessments is subordinate will extinguish the lien of such Assessments as to installments which became due prior to such sale or transfer. The amount of such extinguished lien may be reallocated and assessed to all Lots

as a Common Expense at the direction of the Board of Directors. However, no such sale or transfer will relieve the purchaser or transferee of a Lot from liability for, or the Lot from the lien of, any Assessments made after the sale or transfer.

Section 9.11. *Capitalization of the Association*. Upon acquisition of record title to a Lot from Declarant or any seller after Declarant, each Owner will contribute to the working capital and reserves of the Association an amount equal to one-fourth (1/4) of the amount of the Annual Assessment determined by the Board of Directors for the Lot for the year in which the Owner acquired title. This amount shall be deposited into an account and disbursed therefrom to the Association for use in covering expenses incurred by the Association pursuant to the terms of the Documents. Such payments to this fund will not be considered advance payments of Annual Assessments.

Section 9.12. *Exempt Property*. The following portions of the Property will be exempt from the Assessments, charges, and liens created under this Declaration:

9.12.1. Any easement or other interest in the Property dedicated and accepted by the Town and devoted to public use;

9.12.2. Any real property, an interest in which is owned by any special district established under Texas law;

9.12.3. All utility lines and easements; and

9.12.4. Common Area.

Section 9.13. *Statement of Status of Assessments*. The Association will furnish to an Owner or his designee or to any Mortgagee a statement setting forth the amount of unpaid Assessments then levied against the Lot in which the Owner, designee or Mortgagee has an interest and any other additional information which may be required to be provided under law. The Association will deliver the statement personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party within ten (10) days after the registered agent of the Association receives the request. The information contained in such statement, when signed by an officer or director of the Association or the Manager, will be conclusive upon the Association, the Board, and every Owner as to the Person or Persons to whom such statement is issued and who rely on it in good faith.

Section 9.14. *Failure to Assess*. The omission or failure of the Board to fix the Assessment amounts or rates or to deliver or mail to each Owner an Assessment notice will not be deemed a waiver, modification, or a release of any Owner from the obligation to pay Assessments. In such event, each Owner will continue to pay Annual Assessments on the same basis as for the last year for which an Assessment was made until a new Assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

ARTICLE X
PROPERTY RIGHTS OF OWNERS

Section 10.1. *Owners' Easements of Access and Enjoyment.* Every Owner has a perpetual, non-exclusive easement for access to and from his Lot and for the use and enjoyment of the Common Area, which easement is appurtenant to and will pass with the title to every Lot, subject to the provisions set forth in this Article.

Section 10.2. *Delegation of Use.* Subject to the following, any Owner may delegate, in accordance with the Documents, its rights of access and enjoyment described in *Section 10.1* above to its, employees, family, guests or invites. An Owner who leases his or her Lot shall be deemed to have assigned all such rights to the lessees of such Lot.

Section 10.3. *Easements of Record and of Use.* The Property will be subject to all easements shown on any recorded Plat and to any other easements of record or of use as of the date of recordation of this Declaration.

Section 10.4. *Emergency Access Easement.* A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies or Persons to enter upon all streets and upon the Property in the proper performance of their duties.

ARTICLE XI
SPECIAL DECLARANT RIGHTS
AND ADDITIONAL RESERVED RIGHTS

Section 11.1. *General Provisions.* Until the expiration of the Declarant Control Period, Declarant will have the following Special Declarant Rights:

11.1.1. *Completion of Improvements.* The right to complete Improvements as indicated on any Plat filed with respect to the Property, including any property annexed thereto;

11.1.2. *Development Rights.* The right to exercise all development rights in connection with the development of the Project (referred to here as "Development Rights"), including without limitation the right or combination of rights hereby reserved by Declarant, as follows:

(i) The right to annex property to the Project, in accordance with *Article XVI.*

(ii) The right to create Lots and Common Area on the Property, including property annexed thereto.

(iii) The right to subdivide and combine Lots and convert Lots into Common Area on any part of the Property, including property annexed thereto.

(iv) The right to withdraw real estate, whether contained within the Property initially subject to this Declaration, from Chateau du Lac, as provided in *Article XVI*.

(v) The right to the use of the name "Chateau du Lac" or any derivative of such name in any printed or promotional material. However, Owners within the Association may use the name "Chateau du Lac" in printed or promotional material where such term is used solely to specify that particular property is located within the Property and the Association shall be entitled to use the words "Chateau du Lac" in its name.

11.1.3. *Sales Activities*. The right to maintain sales and management offices, signs advertising the Project and model residences on the Common Area and on Lots owned by Declarant, whether contained within the Property initially subject to this Declaration, or within the property annexed thereto. Declarant may designate the location of a Sales Office, which at the discretion of Declarant may be a model home, for use in offering Lots for sale, and for all purposes incident thereto. Said use is intended as temporary, and shall cease at such time as ninety percent (90%) of the Lots in have been sold and living units constructed thereon, or on December 31, 2009, whichever is the later.

11.1.4. *Easements*. The right to use easements through the Common Area on the Property for the purpose of making Improvements on the Property.

11.1.5. *Master Association*. The right to make the Project subject to a master association.

11.1.6. *Association Directors and Officers*. The right to appoint any officer or director of the Association, as provided in this Declaration or the Bylaws.

11.1.7. *Order of Exercise of Declarant's Rights*. Declarant makes no representations and gives no assurances regarding the legal description or the boundaries of any phase of the Property or the order or time in which the phases of the Property may be developed or incorporated in the Project, or whether or to what extent any other property will be developed or incorporated in the Project. Further, the fact that Declarant may exercise one or more of Declarant's Development Rights or other Special Declarant Rights on one portion of the Property (including property annexed thereto) will not operate to require Declarant to exercise a Development Right or other Special Declarant Right with respect to on any other portion of the Property (including property annexed thereto).

Section 11.2. *Supplemental Provisions Regarding Declarant's Rights*. Without limiting the generality of the foregoing, certain of these Special Declarant Rights are explained more fully in this Article below. Further, Declarant reserves the right to amend this Declaration and any Plat in connection with the exercise of any Development Right or any other Special Declarant Right, and Declarant also reserves the additional rights retained for the benefit of Declarant in this Article and in other provisions of this Declaration. Declarant may delegate or

assign, temporarily or permanently, in whole or in part, to any Person any or all rights, powers, reservations, easements and privileges herein reserved by and to Declarant and any such delegee assignee shall have the same right to so assign.

Section 11.3. *Utility Easements*. There is hereby created a general easement upon, across, over, in, and under the Property for ingress and egress and for installation, replacement, repair, and maintenance of all utilities, including but not limited to water, sewer, gas, telephone, electrical, television and a master communications system. By virtue of this easement, it will be expressly permissible and proper for the companies providing utility services to install and maintain necessary equipment on the Property and to affix and maintain utility pipes, wires, circuits, conduits and other equipment under the Property. Any utility Declarant using this general easement will use its best efforts to install and maintain the utilities provided for without disturbing the uses of the Owners, the Association and Declarant; will prosecute its installation and maintenance activities as promptly and expeditiously as reasonably possible; and will restore the surface to its original condition as soon as possible after completion of its work. Should any utility Declarant furnishing a service covered by the general easement request a specific easement by separate recordable document, either Declarant or the Association will have, and are hereby given, the right and authority to grant such easement upon, across, over, or under any part or all of the Property without conflicting with the terms of this Declaration. This general easement will in no way affect, avoid, extinguish, or modify any other recorded easement on the Property.

Section 11.4. *Reservation for Expansion and Construction*. Declarant hereby reserves for itself and its successors and assigns and for Owners in all future phases of Chateau du Lac a perpetual easement and right-of-way for access over, upon, and across the Property, for construction, utilities, drainage, ingress and egress, and for use of the Common Area. The location of these easements and rights-of-way may be made certain by Declarant or the Association by instruments recorded in Denton County, Texas.

Declarant further reserves the right to establish from time to time, by dedication or otherwise, utility, ingress and egress, and other easements over and across the Common Area, and to create other reservations, exceptions, and exclusions convenient or necessary for the use and operation of any other property of Declarant.

Section 11.5. *Reservation of Easements, Exceptions, and Exclusions for Utilities, Infrastructure, and Access*. Declarant reserves for itself and its successors and assigns and hereby grants to the Association, acting through the Board of Directors, the concurrent right to establish from time to time, by declaration or otherwise, utility and other easements, permits, or licenses over the Common Area, for purposes including but not limited to streets, paths, walkways, drainage, recreation areas and parking areas, and to create other reservations, exceptions, and exclusions in the interest of the Owners and the Association, in order to serve the Owners within Chateau du Lac as initially built and expanded.

Declarant also reserves for itself and its successors and assigns and grants to the Association the concurrent right to establish from time to time by an instrument recorded in

Denton County, Texas, such easements, permits or licenses over the Common Area for access by certain Persons (other than Owners and Owners' families and guests) who may be permitted to use designated portions of the Common Area as contemplated under this Declaration.

Section 11.6. *Maintenance Easement.* An easement is hereby reserved to Declarant for itself and its successors and assigns and granted to the Association, and any member of the Board of Directors or Manager, and their respective officers, agents, employees and assigns, upon, across, over, in and under the Property and a right to make such use of the Property as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Documents, including the right to enter upon any Lot for the purpose of performing maintenance to the landscaping or the exterior of Improvements to such Lot, as required by the Documents.

Section 11.7. *Drainage Easement.* An easement is hereby reserved to Declarant for itself and its successors and assigns and granted to the Association, its officers, agents, employees, successors and assigns to enter upon, across, over, in, and under any portion of the Property for the purpose of changing, correcting, or otherwise modifying the grade or drainage channels of the Property so as to improve the drainage of water. Reasonable efforts will be made to use this easement so as not to disturb the uses of the Owners, the Association and Declarant, as applicable, to the extent possible; to prosecute such drainage work promptly and expeditiously; and to restore any areas affected by such work to a sightly and usable condition as soon as reasonably possible following such work. Declarant, or its officers, agents, employees, successors and assigns must inform and obtain the approval of the Board of Directors prior to undertaking such drainage work, which approval will not be unreasonably withheld.

Section 11.8. *Declarant's Rights Incident to Construction.* Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under, and across the Common Area and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements on the Property or other real property owned by Declarant; provided, however, that no such rights will be exercised by Declarant in such a way as to unreasonably interfere with the occupancy, use, enjoyment or access to an Owner's Lot by that Owner or his family, tenants, employees, guests, or invites.

Section 11.9 *Easements for Lakes and Pond Maintenance and Flood Water.* The Declarant reserves for itself and its successors, assigns and designees the nonexclusive right and easement, but not the obligation, to enter upon the lakes, ponds, streams and wetlands located within the Common Area to (i) install, keep, maintain and replace pumps and related equipment; (ii) construct, maintain and repair any bulkhead, levee, wall, dam or other structure retaining water, and (iii) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in this Declaration. The Declarant's rights and easements provided in this Section shall be transferred to the Association at such time as the Declarant shall cease to own any property subject to the Declaration, or such earlier time as Declarant may elect, in its sole discretion, to transfer such rights by a written instrument. The Declarant, the Association and their designees shall have an access easement over and across any of the Property abutting or

containing any portion of any of the lakes, ponds, streams or wetlands to the extent reasonably necessary to exercise their rights under this Section.

There is further reserved herein for the benefit of Declarant, the Association and their designees, a perpetual, non-exclusive right and easement of access and encroachment over the Common Area and Lots (but not the Living Units thereon) adjacent to or within fifty (50) feet of lake beds, ponds and streams within the Property, in order to (i) temporarily flood and back water upon and maintain water over such portions of the Property, (ii) fill, drain, dredge, deepen, clean, fertilize, dye and generally maintain the lakes, ponds, streams and wetlands within the Common Area, (iii) maintain and landscape the slopes and banks pertaining to such lakes, ponds, streams and wetlands and (iv) enter upon and across such portions of the Property for the purpose of exercising its rights under this Section. All Persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage from flooding due to heavy rainfall or other natural disasters.

All lakes and wetlands within the Property are designed as water management areas and not for as aesthetic features. Because of fluctuations in water elevations within the immediate area, the water level of lakes, creeks, and streams will rise and fall. Declarant has no control over such elevations. Therefore, each Owner releases Declarant and the local municipality, and their affiliates, successors and assigns, from and against any and all losses, claims, demands, damages, costs, and expenses of whatever nature or kind, including attorney's fees and costs and appellate fees and costs, related to or arising out of the water elevations, including the absence of any water in the lakes, creeks, streams and ponds. Neither the Association nor any Owner shall alter, modify, expand, or fill any lakes or wetlands located on or in the vicinity of the Property, without the prior written approval of the Declarant, so long as the Declarant owns any property described in *Exhibit A*, and such local, state, and federal authorities as may have jurisdiction over such matters.

Section 11.10. *Easements to Serve Additional Property.* The Declarant hereby reserves for itself and its duly authorized agents, representatives, employees, successors, assigns, licensees and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access and development of neighboring property, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof is not made subject to this Declaration, the Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of maintenance of any access roadway serving such property.

Section 11.11. *Easements Deemed Created.* All conveyances of Lots hereafter made, whether by Declarant or otherwise, will be construed to grant and reserve the easements contained in this Article, even though no specific reference to such easements or to this Article appears in the instrument for such conveyance.

ARTICLE XII
INSURANCE AND FIDELITY BONDS

Section 12.1. *Authority to Purchase.* All insurance policies relating to the Common Area will be purchased by the Board of Directors or its duly authorized agent. The Board of Directors, the Manager and Declarant will not be liable for failure to obtain any coverage required by this Article or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverage from reputable insurance companies, or if such coverage is available only at demonstrably unreasonable costs.

Section 12.2. *General Insurance Provisions.* All such insurance coverage obtained by the Board of Directors will be governed by the following provisions:

12.2.1. As long as Declarant owns any Lot, Declarant will be protected by all such policies in the same manner as any other Owner.

12.2.2. The deductible, if any, on any insurance policy purchased by the Board of Directors may be treated as a Common Expense payable from Annual Assessments or Special Assessments (allocable to all of the Lots or to only some of the Lots, if the claims for damages arise from the negligence of particular Owners, or if the repairs benefit only particular Owners), or as an item to be paid from the operating account established by the Board of Directors.

Section 12.3. *Physical Damage Insurance on Common Area.* The Association will obtain insurance for such insurable Improvements and with such coverages, limits, deductibles and other terms and conditions as the Board may determine from time to time.

Section 12.4. *Liability Insurance.* The Association will obtain a comprehensive policy of public liability insurance and property damage insurance with such coverages and limits as the Board of Directors may from time to time determine, insuring each member of the Board of Directors, the Association, the Manager, and the respective employees, agents, and all Persons acting as agents against any liability to the public or the Owners (and their guests, invitees, tenants, agents, and employees) arising in connection with the ownership, operation, maintenance, or use of the Common Area and streets and roads within Chateau du Lac and any other areas under the control of the Association. Declarant will be included in the coverage as an additional insured in Declarant's capacity as an Owner or Director. The Owners will be included as additional insureds, but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Common Area.

The Board of Directors will review the coverage limits from time to time, but, generally, the Board will carry such amounts of insurance usually required by private institutional mortgage lenders on projects similar to Chateau du Lac, and in no event will such coverage be less than $1,000,000.00 for all claims for bodily injury or property damage arising out of one occurrence.

Section 12.5. *Fidelity Insurance.* Fidelity bonds or insurance coverage will be maintained by the Association to protect against dishonest acts on the part of its officers, directors, trustees, and employees, and on the part of all others who handle or are responsible for handling the funds of or administered by the Association. In addition, if responsibility for handling funds is delegated to a Manager, such bonds or insurance coverage will be required for the Manager and its officers, employees, and agents, as applicable. Such fidelity bonds or insurance coverage will name the Association as an obligee or insured and will be written in such amount as the Board may determine appropriate.

Section 12.6. *Provisions Common to Physical Damage Insurance, Liability Insurance, and Fidelity Insurance.* Any insurance coverage obtained by the Association under the provisions of this Article above will be subject to the following provisions and limitations:

12.6.1. The named insured under any such policies will include Declarant, until all of the Lots in Chateau du Lac have been conveyed, and the Association, as attorney-in-fact for the Owners, or the authorized representative of the Association (including any trustee with whom the Association may enter into any insurance trust agreement, or any successor trustee, each of which is sometimes referred to in this Declaration as the "Insurance Trustee"), who will have exclusive authority to negotiate losses under such policies.

12.6.2. Each Owner will be an insured Person with respect to liability arising out of the Owner's interest in the Common Area or membership in the Association.

12.6.3. The policies will contain a waiver by the insurer of any right to claim by way of subrogation against Declarant, the Board of Directors, the Association, the Manager, and any Owner and their respective agents, employees, or tenants, and in the case of Owners, members of their households.

Section 12.7. *Personal Liability Insurance of Officers and Directors*. To the extent obtainable at reasonable cost, appropriate officers' and directors' personal liability insurance will be obtained by the Association to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as such officers and directors on behalf of the Association.

Section 12.8. *Worker's Compensation Insurance*. The Association will obtain worker's compensation or similar insurance with respect to its employees, if any, in the amounts and forms as may now or hereafter be required by law.

Section 12.9. *Other Insurance*. The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it will deem appropriate with respect to the Association's responsibilities and duties.

Section 12.10. *Insurance Obtained by Owners*. Each Owner will have the right to obtain insurance for such Owner's benefit, at such Owner's expense, covering the Owner's Lot and Improvements, personal property and personal liability. However, no insurance coverage obtained by an Owner will operate to decrease the amount which the Board of Directors, on behalf of all Owners, may realize under any policy maintained by the Board or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that coverage. Any such insurance obtained by an Owner will include a waiver of the particular insurance Declarant's right of subrogation against Declarant, the Board of Directors, the Association, the Manager, and other Owners.

ARTICLE XIII
ASSOCIATION AS ATTORNEY-IN-FACT

Each and every Owner hereby irrevocably constitutes and appoints the Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the Improvements on the Common Area upon damage or destruction as provided in *Article XIV* or a complete or partial taking as provided in *Article XV* below. Acceptance by any grantee of a deed or other instrument of conveyance from Declarant or from any Owner will constitute appointment of the Association as attorney-in-fact as provided in this *Article XIII*. As attorney-in-fact, the Association will have full and complete authorization, right, and power to make, execute and deliver any contract, assignment, deed, waiver or other instrument with respect to the interest of any Owner that may be necessary or appropriate to exercise the powers granted to the Association as attorney-in-fact.

ARTICLE XIV
DAMAGE OR DESTRUCTION

Section 14.1. *Damage or Destruction of Common Area.*

14.1.1. *Estimate of Damages or Destruction*. As soon as practical after an event causing damage to or destruction of any part of the Common Area, unless such damage or destruction is minor, the Association will obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of that part of the Common Area so damaged or destroyed. "Repair and reconstruction" as used in this Article will mean restoring the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction.

14.1.2. *Repair and Reconstruction*. As soon as practical after obtaining estimates, the Association will diligently pursue to completion the repair and reconstruction of the damaged

or destroyed Improvements. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner will be necessary. Assessments of the Association will not be abated during the period of insurance adjustments and repair and reconstruction.

14.1.3. *Funds for Repair and Reconstruction*. The proceeds received by the Association from any hazard insurance will be used for the purpose of repair, replacement and reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair and reconstruction, the Association may, without the vote of the Owners, levy, assess and collect in advance from all Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair and reconstruction.

14.1.4. *Disbursement of Funds for Repair and Reconstruction*. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for in *Section 9.4* constitute a fund for the payment of the costs of repair and reconstruction after casualty. It will be deemed that the first money disbursed in payment for the costs of repair and reconstruction will be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance will be distributed to the Owners in proportion to the contributions each Owner made as a Special Assessment to the Association under *Section 9.4*, or, if no Special Assessments were made, then in proportionate shares on the basis of the allocation to the Owners of Common Expenses under *Section 9.3.4*, first to the Mortgagees and then to the Owners, as their interests appear.

14.1.5. *Decision Not to Rebuild*. If, during the Declarant Control Period, Declarant, and, at all times, Owners representing at least sixty-seven percent (67%) of the votes in the Association agree in writing not to repair and reconstruct damage to the Common Area and no alternative Improvements are authorized, then and in that event the Property will be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition, and any remaining insurance proceeds will be distributed in proportionate shares on the basis of the allocation to the Owners of the Common Expenses under *Section 9.3.4*, first to the Mortgagees and then to the Owners, as their interests appear.

Section 14.2. *Damage or Destruction Affecting Lots*. In the event of damage or destruction to the Improvements located on any Lot, the Owner thereof will promptly repair and restore the damaged Improvements to their condition prior to such damage or destruction. If such repair or restoration is not commenced within one hundred and eighty (180) days from the date of such damage or destruction, or if repair and reconstruction is commenced but then abandoned for a period of more than ninety (90) days, then the Association may, after notice and hearing as provided in the Bylaws, impose a fine accruing at the rate of $100.00 per day or such other rate imposed by the Board in compliance with the Act, charged against the Owner of the

Lot until repair and reconstruction is commenced, unless the Owner can prove to the satisfaction of the Association that such failure is due to circumstances beyond the Owner's control. Such fine will be a Default Assessment and lien against the Lot as provided in *Section 9.5* above.

ARTICLE XV
CONDEMNATION

Section 15.1. *Rights of Owners*. Whenever all or any part of the Common Area-is taken or conveyed in lieu of and under threat of condemnation by any authority having the power of condemnation or eminent domain, each Owner will be entitled to notice of the taking, but the Association will act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 15.2. *Partial Condemnation; Distribution of Award; Reconstruction*. The award made for such taking will be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which Improvements have been constructed, then, unless, within sixty (60) days after such taking, Declarant, during the Declarant Control Period, and, at all times, Owners representing at least sixty-seven percent (67%) of the votes in the Association otherwise agree, the Association will restore or replace such Improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board of Directors. If such Improvements are to be repaired or restored, the provisions in *Article XIV* above regarding the disbursement of funds with respect to casualty damage or destruction that is to be repaired will apply. If the taking does not involve any Improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds will be distributed in proportionate shares on the basis of the allocation to the Owners of Common Expenses under *Section 9.3.4*, first to the Mortgagees and then to the Owners, as their interests appear.

Section 15.3. *Complete Condemnation*. If all of Chateau du Lac is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration will terminate, and the portion of the condemnation award attributable to the Common Area will be distributed as provided in *Section 15.2*.

ARTICLE XVI
EXPANSION AND WITHDRAWAL

Section 16.1. *Reservation of Right to Expand*. Declarant reserves the exclusive right, but not the obligation, until termination of the Declarant Control Period, to expand the effect of this Declaration to include any land contiguous to the Property provided such land is to be developed at a density equal to or less than that of the existing Property. The consent of the owner of the

at a density equal to or less than that of the existing Property. The consent of the owner of the annexed property shall be required; however, the consent of the existing Lot Owners and Mortgagees will not be required for any such expansion. Declarant will have the unilateral right to transfer to any other Person this right to expand by an instrument duly recorded.

Section 16.2. *Association's Right to Expand.* Upon termination of the Declarant Control Period, the Association may further expand the Property with the prior written consent and approval of the majority of the outstanding votes of the Association and the consent of the owner of such annexed property.

Section 16.3. *Declaration of Annexation.* Any expansion of the Project may be accomplished by recording a Declaration of Annexation and one or more supplemental Plats in the records of the Clerk and Recorder of Denton County, Texas. The Declaration of Annexation will describe the real property to be expanded, submitting it to these Covenants and provide for voting rights and Assessment allocations as provided in this Declaration. Specifically, each new Lot in the annexed area will be allocated one vote and liability for the Common Expenses equal to the liability allocated to each of the other Lots. Any such expansion will be effective upon the filing for record of such Declaration of Annexation, unless otherwise provided therein. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion.

Upon the recordation of any such Declaration of Annexation, the definitions used in this Declaration will be expanded automatically to encompass and refer to the annexed property. Such Declaration of Annexation may add supplemental covenants peculiar to the annexed property in question, or delete or modify provisions of this Declaration as it applies to the annexed property added. However, this Declaration may not be modified with respect to that portion of the Property already subject to this Declaration, except as provided below for amendment.

Section 16.4. *Withdrawal of Property.* Declarant reserves the right to withdraw from the jurisdiction of these Covenants any parcel of the Property, provided, however, that no parcel may be withdrawn after it has been conveyed to a purchaser unless such purchaser consents thereto in writing.

ARTICLE XVII
MORTGAGEE PROTECTIONS

Section 17.1. *First Mortgagees' Rights.*

17.1.1. *Payment of Taxes and Insurance.* First Mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against any of the Common Area or Improvements thereon, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the

from the Association.

17.1.2. *Cure of Delinquent Assessments*. A First Mortgagee will be entitled to cure any delinquency of the Owner of the Lot encumbered by the First Mortgagee in the payment of Assessments. In that event, the Eligible Mortgage Holder will be entitled to obtain a release from the lien imposed or perfected by reason of such delinquency.

Section 17.2. *Title Taken by First Mortgagee*. Any First Mortgagee who obtains title to a Lot pursuant to the remedies provided in the First Mortgage, including foreclosure of the First Mortgage, will be liable for all Assessments due and payable as of the date title to the Lot vests in the First Mortgagee under the statutes of Texas governing foreclosures. Except as provided in the Act, such First Mortgagee will not be liable for any unpaid dues and charges attributable to the Lot which were due and payable prior to the date such title vests in the First Mortgagee.

ARTICLE XVIII
ENFORCEMENT OF COVENANTS

Section 18.1. *Violations Deemed a Nuisance*. Every violation of the Documents is deemed to be a nuisance and is subject to all the remedies provided for the abatement of the violation. In addition, all public and private remedies allowed at law or equity against anyone in violation of these Covenants will be available.

Section 18.2. *Compliance*. Each Owner or other occupant of any part of the Property will comply with the provisions of the Documents as the same may be amended from time to time.

Section 18.3. *Failure to Comply*. Failure to comply with the Documents will be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. The Association shall be authorized to impose sanctions for violations of the Governing Documents as provided in *Section 18.3*. Sanctions may include, without limitation, the following:

18.3.1. Imposing reasonable monetary fines, which shall constitute a lien upon the violator's Lot;

18.3.2. Suspending an Owner's right to vote;

18.3.3. Suspending any Person's right to use any recreational facilities within the Common Area; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Lot;

18.3.4. Suspending any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than thirty (30) days delinquent in paying any assessment or

other charge owed to the Association;

18.3.5. Exercising self-help (specifically including, but not limited to, the towing of vehicles that are in violation of the Governing Documents, removing nonconforming structures and/or improvements pursuant to *Section 6.9.4(ii)* and performing maintenance on an Owner's Lot pursuant to *Section 8.3*);

18.3.6. Recording a Notice of Violation pursuant to *Section 6.9.4(iii)*;

18.3.7. Levying a Default Assessment pursuant to *Section 9.5*; and

18.3.8. Taking any other action to abate a violation of the Governing Documents.

The Board shall afford a violator notice and an opportunity to be heard in accordance with Section 209.001 *et seq.* of the Texas Property Code prior to the imposition of any sanction, unless the Board determines that an emergency situation exists.

Section 18.4. *Attorney's Fees*. If the Association prevails in any action to enforce the Governing Documents, it shall be entitled to recover all costs, including, without limitation, attorney's fees, court costs and any additional administrative or management fees reasonably incurred in such action.

Section 18.5. *Who May Enforce*. Any action to enforce the Documents may be brought by Declarant, the Board, or the Manager in the name of the Association on behalf of the Owners. In addition, in the event that the Association, its successors or assigns, shall fail or refuse to enforce (which may include, without limitation, the levying of fines or the use of self-help remedies) a substantial and material violation of these Covenants (a "violation") which it is entitled to enforce hereunder, the Declarant and its successors, assigns and affiliates shall have the right and may assume the enforcement of such violation, after the expiration of thirty (30) days after receipt by the Association, its successors or assigns, of written notice specifying in detail the nature and extent of the failure to enforce without such failure being remedied. During the period the Declarant assumes the right to enforce a violation, the Association shall have no obligation or authority with respect to such violation. The right and authority of the Declarant to enforce a particular violation shall cease and terminate when the Association, its successors or assigns, shall present to the Declarant reasonable evidence of its willingness and ability to resume enforcement of the violation.

Section 18.6. *Nonexclusive Remedies*. All the remedies set forth herein are cumulative and not exclusive.

Section 18.7. *No Waiver*. The failure of the Board of Directors, Declarant, the Manager, or any aggrieved Owner to enforce the Documents in any one or more instances will not be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any

other part of the Documents at any future time.

Section 18.8. *No Liability*. No member of the Board of Directors, the Declarant, the Manager or any Owner will be liable to any other Owner for the failure to enforce any of the Documents at any time.

Section 18.9. *Recovery of Costs*. If the Association prevails in any action to enforce the Documents, it shall be entitled to recover all costs, including, without limitation, administrative fees, management fees, attorney's fees and court costs reasonably incurred in such action.

ARTICLE XIX
RESOLUTION OF DISPUTES

If any dispute or question arises between Members or between Members and the Association relating to the interpretation, performance or nonperformance, violation, or enforcement of the Documents, such dispute or violation may be subject to a hearing and determination by the Board.

ARTICLE XX
DURATION OF THESE COVENANTS AND AMENDMENT

Section 20.1. *Term*. This Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time it shall be automatically renewed for successive periods of ten (10) years, unless seventy-five percent (75%) of the votes (of the Owners) outstanding shall have voted to terminate this Declaration and the prior written consent has been obtained from the chief executive employee of the Town of Flower Mound upon the expiration of the initial twenty-five (25) year period or any extension thereof, which termination shall be by written instrument signed by seventy-five percent (75%) of the Owners and counter-signed by a duly authorized representative of the Town of Flower Mound and properly recorded in the Real Property Records of Denton County, Texas. Any amendment must be recorded. The Association may not be dissolved without the prior written consent of the chief executive employee of the Town of Flower Mound.

Section 20.2. *Amendment*. Subject to Section 20.4, this Declaration, or any provision of it, may be terminated, extended, modified or amended, or revoked as to the whole or any portion of the Property as follows:

20.2.1. *Prior to Sale of Lots*. Prior to the sale of any Lot (excluding any sale to a Successor Declarant), Declarant (including a Successor Declarant) may terminate, extend, modify, amend or revoke this Declaration as to the whole or any portion of the Property by recording in the records of Denton County, Texas, a document signed by the Declarant stating the action taken.

20.2.2. *After Sale of Lots but During Declarant Control Period.* After the sale of a Lot (excluding a sale to a Successor Declarant) but before expiration of the Declarant Control Period, Declarant (including Successor Declarant) may terminate, extend, modify, amend or revoke this Declaration as to the whole or any portion of the Property. A copy of the document stating the action intended to be taken by the Declarant and a notice of the Owners' rights under this Section shall be mailed to each Owner by first class mail, postage prepaid, to the address of the Owner on the records of Association.

20.2.3. *After the Declarant Control Period.* After the expiration of the Declarant Control Period, this Declaration, or any provision of it, may be terminated, extended, modified or amended, or revoked as to the whole or any portion of the Property upon the vote or written consent, or any combination thereof, of Owners holding at least fifty-one percent (51%) of the votes in the Association. Any document will be immediately effective upon recording in the records of Denton County, Texas, a copy of such executed and acknowledged by the necessary number of Owners, or alternatively, upon the recording in the records of Denton County, Texas, of a copy of the document together with a certificate signed by an officer of the Association stating that the required number of Owners approved the change.

Section 20.3. *Declarant's Approval.* Notwithstanding the provisions of *Section 20.2*, no termination, extension, modification or amendment of this Declaration will be effective in any event during the Declarant Control Period unless the written approval of Declarant is first obtained.

Section 20.4. *Town Approval.* Notwithstanding *Section 20.2* above, no amendment or modification of these reservations, restrictions an/or covenants shall be effective without written consent signed by the chief executive employee of the Town of Flower Mound.

Section 20.5. *Effect of Amendments.* Amendments made pursuant to this Section will inure to the benefit of and be binding upon all Owners, their families, tenants, guests, invitees and employees, and their respective heirs, successors, and assigns. Joinder of the First Mortgagees shall not be required in order to effect an amendment.

ARTICLE XXI
MISCELLANEOUS PROVISIONS

Section 21.1. *Severability.* This Declaration, to the extent possible, will be construed or reformed so as to give validity to all of its provisions. Any provision of this Declaration found to be prohibited by law or unenforceable will be ineffective to the extent of such prohibition or unenforceability without invalidating any other part hereof.

Section 21.2. *Construction.* In interpreting words in this Declaration, unless the context will otherwise provide or require, the singular will include the plural, the plural will include the singular, and the use of any gender will include all genders.

Section 21.3. *Headings*. The headings are included only for purposes of convenient reference, and they will not affect the meaning or interpretation of this Declaration.

Section 21.4. *Waiver*. No failure on the part of the Association or the Board to give notice of default or to exercise or to delay in exercising any right or remedy will operate as a waiver, except as specifically provided above in the event the Board fails to respond to certain requests. No waiver will be effective unless it is in writing and signed by the President or Vice President of the Board on behalf of the Association.

Section 21.5. *Limitation of Liability*. Neither the Declarant, the Association nor any partner, officer or member of either the Declarant or the Association will be liable to any party for any action or for any failure to act with respect to any matter arising by, through or under the Documents if the action or failure to act was made in good faith. The Association will indemnify all of the officers and Board members with respect to any act taken in their official capacity to the extent provided in this Declaration and by law and in the Articles of Incorporation and Bylaws.

Section 21.6. *Conflicts Between Documents*. In case of conflict between this Declaration and the Articles of Incorporation or the Bylaws, this Declaration will control. In case of conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation will control.

Section 21.7. *Assignment*. Declarant may assign all or any part of the Special Declarant Rights or any of Declarant's other rights and reservations hereunder to any successor who takes title to all or part of the Property in a bulk purchase for the purpose of development and sale. Such successor will be identified, the particular rights being assigned will be specified, and, to the extent required, concomitant obligations will be expressly assumed by such successor, all in a written instrument duly recorded in the records of the Clerk and Recorder of Denton County, Texas.

Section 21.8. *Deed References*. Reference in any deed, mortgage, trust deed or any other recorded document(s) to the easements, conditions, restrictions and covenants herein created or to this Declaration shall be sufficient to create and reserve such easements, conditions, restrictions and covenants against the interests of the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, conditions, restrictions and covenants were fully related and set forth in their entirety in said documents.

By acceptance demonstrated by the recording of a deed conveying any portion of the Property or any ownership interest in any portion of the Property whatsoever, the Person to whom such portion of the Property or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Articles of Incorporation and Bylaws, to the maximum extent this Declaration is applicable to such portion of the Property whether or not mention thereof is made in said deed.

of the Property whether or not mention thereof is made in said deed.

Section 21.9. *Failure of Association to Perform Duties*. Should the Association fail to carry out its duties as specified in this Declaration, the Town of Flower Mound or its lawful agents shall have the right and ability, after due notice to the Association, to remove any landscape systems, features or elements that cease to be maintained by the Association; to perform the responsibilities of the Association if the Association fails to do so in compliance with any of the provisions of this Declaration, the agreements, covenants or restrictions of the Association, or of any applicable Town of Flower Mound codes or regulations; to assess the Association for all costs incurred by the Town of Flower Mound in performing said responsibilities if the Association fails to do so; and/or to avail itself of any other enforcement actions available to the Town of Flower Mound pursuant to state law or Town of Flower Mound codes and regulations. Should the Town of Flower Mound exercise its rights as specified above, the Association shall indemnify and hold the Town of Flower Mound harmless from any and all costs, expenses, suits, demands, liabilities or damages, including attorney's fees and costs of suit incurred or resulting from the Town of Flower Mound's removal of any landscape systems, features or elements that cease to be maintained by the Association or from the Town of Flower Mound's performance of the aforementioned operation, maintenance or supervision responsibilities of the Association due to the Association's failure to perform said duties. For the purposes of this *Section 21.9*, the Association shall not be deemed to have failed or ceased to perform or maintain any such matter unless and until such failure or cessation shall continue to exist forty-five (45) days after the Town of Flower Mound has given Association written notice thereof.

Section 21.10. *Interpretation*. Declarant's reasonable, good faith interpretation of the meaning and application of the provisions of this Declaration rendered in writing at any time prior to the sale and conveyance by Declarant of one hundred percent (100%) of the Lots (excluding Common Areas) shall be binding on all interested parties.

Section 21.11. *Notices*. Any notice required or permitted to be sent or given to any Member, owner or Owner under the provisions of this Declaration shall be deemed to have been properly sent and given when mailed postage prepaid to the address of such Person's respective portion of the Property or such other address as may be properly designated by such Person in notice properly given to the Association and Declarant, respectively, in accordance with this *Section 21.11*. Any notice required or permitted to be sent or given to the Association and Declarant, respectively, under the provisions of this Declaration shall be deemed to have been properly sent and given when mailed postage prepaid to the respective address of the Declarant set forth below and the address of the Association set forth on its articles of incorporation, or such other address as may be properly designated by such entity in notice properly given in accordance with this *Section 21.11*.

IN WITNESS WHEREOF, Declarant has signed this Declaration on the date shown above.

DECLARANT: VAN HUNTER DEVELOPMENT, LTD.

By: _____

Its: PRESIDENT

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF DENTON §

On this 15 day of December, 2006, before me, the undersigned, a Notary Public for the State aforesaid, personally appeared Carey VanTrease, known to me to be the President of VAN HUNTER DEVELOPMENT, LTD., the entity that executed the within instrument, and acknowledged to me that such entity executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

NOTARY PUBLIC STATE OF TEXAS
ASHLEY D. SMITH
Notary Public, State of Texas
My Commission Expires
July 07, 2010

Ashley D. Smith
Notary Public for the State of Texas

My Commission expires 7-7-2010

EXHIBIT A
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CHATEAU DU LAC

<u>Legal Description of the Property Subject to the Declaration</u>:

METES AND BOUNDS DESCRIPTION

STATE OF TEXAS :
COUNTY OF DENTON : WHEREAS WE, Van Hunter Development, Ltd., are the owners of all that certain lot, tract or parcel of land situated in the J. M. Ruiz Survey, Abstract Number 1064 and the N. S. Hazelton Survey, Abstract Number 546, Town of Flower Mound, Denton County, Texas, being all of that certain called 35.79 acre tract of land described in deed to Van Hunter Development Ltd. recorded in Document Number 06–33868 of the Real Property Records of Denton County, Texas, all of that certain called 5.76 acre tract of land described in deed to Van Hunter Development Ltd. recorded in Document Number 06–33869of the Deed Records of Denton County, Texas, all of that certain called 17.189 acre tract of land described in deed to Van Hunter Development Ltd. recorded in Document Number 06–44465 of the Real Property Records of Denton County, Texas, and all of that certain called 5.00 acre tract of land described in deed to Ronald W. and Paige L. Crosby recorded in Document Number 05–44840 of the Real Property Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at a ½" capped rebar (DAA) found at the northwest corner of said 35.79 acre tract, being an ell corner of Chateau du Lac, an addition to the Town of Flower Mound according to the plat thereof recorded in Cabinet T, Page 302 of the Plat Records of Denton County, Texas;

THENCE N 89°20'02" E, along the north line of said 35.79 acre tract and the easterly south line of Chateau du Lac Phase One, passing the easterly southeast corner thereof and continuing along the north line of said 35.79 acre tract and the south line of Meadow Lark, a public roadway, a total distance of 1517.19 feet, to a ½" capped rebar (LANDES) found at the northeast corner of said 35.79 acre tract, being on the west line of Deer Path, a public roadway;

THENCE S 08°34'10" E, along the west line of Deer Path and the east line of said 35.79 acre tract, passing the southeast corner thereof and the northwest corner of said 17.189 acre tract, a total distance of 758.16 feet, to a 5/8" rebar found at the point of curvature of a curve to the left;

THENCE Southeasterly, continuing along said line and with the arc of said curve having a radius of 141.20 feet, a central angle of 48°29'29", whose chord bears S 32°49'53" E, 115.97 feet, an arc length of 119.50 feet, to a ½" capped rebar (Landes) found;

THENCE S 57°00'55" E, 204.31 feet, continuing along said line, to ½" capped rebar (Landes) found at the most northerly corner of Lot 1, Block A, 6 Creative Y Addition, an addition to the Town of Flower Mound according to the plat thereof recorded in Cabinet V, Page 207 of the Plat Records of Denton County, Texas;

THENCE S 32°55'39" W, 254.90 feet, along the common line between said 17.189 acre tract and said Lot 1, Block A, 6 Creative Y Addition, to a ½" capped rebar (Landes) found;

THENCE N 87°23'09" W, 225.35 feet, continuing along said line, to a ½" capped rebar (Landes) found;

THENCE S 07°37'34" E, 137.90 feet, continuing along said line, to a ½" capped rebar (Landes) found;

THENCE S 27°20'06" E, 305.76 feet, continuing along said line, to United States Army Corps of Engineers (USACE) monument B 135A–8 found at the most easterly southeast corner of said 17.189 acre tract and the westerly southwest corner of Lot 1, Block A, Creative Y Addition, being on the Grapevine Lake boundary;
THENCE along said Grapevine Lake boundary, the following :

S 77°46'56" W, 166.76 feet, to USACE monument B135A–9;

S 65°38'30" E, 149.75 feet, to USACE monument B135A–10;

S 12°28'08" W, 138.19 feet, to a ½" capped rebar (Landes) found, and

S 31°38'37" W, 143.10 feet, to a ½" capped rebar (Landes) found at the southerly southeast corner of said 17.189 acre tract;

THENCE S 89°08'23" W, 353.23 feet, along the south line of said tract, to USACE monument B135A–13 found on said common Grapevine Lake and said tract line;

THENCE along said line, the following:

N 36°59'02" E, 79.02 feet, to USACE monument B135A–14;

N 65°19'25" W, 85.03 feet, to USACE monument B135A–15;

N 01°05'15" W, 56.44 feet, to USACE monument B135A–16;

N 49°40'13" E, 220.70 feet, to USACE monument B135A–17;

N 82°29;'24" W, 177.06 feet, to USACE monument B135A–18;

N 37°35'19" W, 127.76 feet, to a ½" rebar found;

S 08°44'29" E, 66.48 feet, to USACE monument B135A–20;

S 32°50'49" W, 136.74 feet, to USACE monument B135A–21;

S 37°18'15" W, 80.73 feet, to USACE monument B135A–22;

S 05°58'44" W, 183.15 feet, to USACE monument B135A–23;

S 89°37'27" W, 164.68 feet, to a ½" capped rebar (Graham) found at an easterly angle point corner of said 5.00 acre tract, and continuing along said common boundary;

S 00°23'46" E, 365.77 feet, to a ½" capped rebar (Landes) found;

S 82°44'47" W, 152.45 feet, to a ½" capped rebar (G&A) set;

N 72°44'24" W, 41.21 feet, to a ½" capped rebar (Landes) found;

N 76°41'44" W, 104.13 feet, to a ½" capped rebar (Landes) found;

N 42°50'17" W, 63.56 feet, to a ½" capped rebar (Landes) found, and

N 61°14'58" W, 54.35 feet, to a ½" capped rebar (Landes) found at the southwest corner of said 5.00 acre tract, being the southeast corner of Lot 1, Block 1, Chateau du Lac, Phase III, an addition to the Town of Flower Mound according to the plat thereof recorded in Cabinet T, Page 163 of the Plat Records of Denton County, Texas;

THENCE N 00°05'52" W, along the east line of said Lot 1, Block 1, Chateau du Lac, Phase III and the west line of said 5.00 acre tract, passing the northwest corner thereof and the southerly southwest corner of said 5.76 acre tract, a total distance of 1283.72 feet, to a ½" capped rebar (Landes) found at the northeast corner of said Lot 1, Block 1, Chateau du Lac, Phase III, being an ell corner of said 5.76 acre tract;

THENCE S 89°53'43" W, 377.76 feet, along the westerly south line of said 5.76 acre tract and the north line of said Lot 1, Block 1, Chateau du Lac, Phase III, to a ½" capped rebar (Landes) found at the northwest corner thereof, being the westerly southwest corner of said 5.76 acre tract and being on the southerly east line of Chateau du Lac, Phase One;

THENCE N 00°05'28" W, along the southerly east line of Chateau du Lac, Phase One and the northerly west line of said 5.76 acre tract, passing the northwest corner thereof and the westerly southwest corner of said 35.79 acre tract, a total distance of 910.54 feet, to the POINT OF BEGINNING and containing approximately 63.725 acres of land.

EXHIBIT B
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CHATEAU DU LAC

Bylaws of Chateau du Lac Homeowners Association, Inc.

ARTICLE I
OFFICES, DEFINITIONS

Section 1.1. Office/Agent

The office of the Association shall be at the address designated in the articles of incorporation of the Association as it principal place of business and the name of the Agent of the Association shall the registered agent for service of process set forth on the articles of incorporation of the Association.

Section 1.2. Other Offices

The Association may also have offices at such other places within or without the State of Texas as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 1.3. Definitions

Capitalized words, when used in these Bylaws (unless otherwise indicated), shall have the same meanings as set forth in the Second Amended Declaration of Covenants, Conditions and Restrictions for Chateau du Lac and all permitted modifications, amendments, supplemental declarations, and replacements thereto (the "Declaration").

Section 1.4. Establishment of Association

The Articles of Incorporation of the Chateau Du Lac Homeowners' Association were filed with the Texas Secretary of State on August 13, 2001 and a Certificate of Incorporation was issued by the Texas Secretary of State on that same date.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS

Section 2.1. Membership

Every Person who is a record Owner of any Lot which is subject by covenants or record to assessment by the Association shall automatically and mandatorily become a Member of the Association (provided that any such Person who holds such interest merely as security for the performance of an obligation shall not be a Member), and any Person who acquired any such fee or undivided fee interest shall be deemed to have accepted membership and assumed all obligations thereof.

Section 2.2. Voting Rights

The Association shall initially have one class of voting membership.

Members shall be all those Owner entitled to one vote for each Lot in which they hold the interest required for membership by Section 2.1. When more than one Person holds such interest in any Lot, all such Persons shall be Members and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Section 2.3. Methods of Voting

At any meeting of the Members, every Member having the right to vote shall be entitled to vote in person or by a proxy appointed in writing, or his/her duly authorized attorney-in-fact and dated not more than two (2) months prior to said meeting. Any proxy shall be filed with the Secretary of the Corporation prior to or at the time of the meeting. In the absence of any action by the Board of Directors, the date upon which the Notice of the Meeting is mailed shall be the record date.

ARTICLE III
MEETING OF MEMBERS

Section 3.1. General Meetings

All meetings of the Members for the election of directors shall be held at the office of the Association in Texas or at such other place, within or without the State of Texas as may be specified in the Notice of the Meeting or in a duly executed Waiver of Notice thereof. Meetings of the Members for any other purpose may be held at such time and place, within or without the State of Texas as shall be stated in the Notice of the Meeting or in a duly executed Waiver of Notice thereof.

Section 3.2. Annual Meeting

An Annual Meeting of the Members shall be held on the third Monday of January of each year, at the hour of 7:00 PM; provided, however, that should said day fall upon a legal holiday, then at the same time on the next business day thereafter. At such meeting, Directors shall be elected, reports of the affairs of the Corporation shall be considered, and any other business may be transacted which is within the powers of the Members.

Section 3.3. Member List

At least ten (10) days before each meeting of Members, a complete list of the Members entitled to vote at each meeting arranged in alphabetical order, with the residence of each and the number of votes held by each shall be prepared by the Secretary. Such list shall be kept on file at the office of the Association for a period of ten (10) days prior to such meeting and shall be subject to inspection by any Member at any time during usual business hours. Such list shall be produced and kept open at the time and place of the meeting during the whole time thereof, and shall be subject to the inspection of any Member who may be present.

Section 3.4. Call for Special Meetings

Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by statute or these Bylaws, may be called by the President, the majority of the Board of Directors or the holders of not less than one-fifth (1/5) of all the Members entitled to vote at a meeting of the Corporation. Business transacted at any special meeting shall be confined to the objects stated in the Notice of the Meeting.

Section 3.5. Notice

A. Written or printed notice stating the place, date and time of the meeting and, in case of a special meeting, the purpose or purposes for which the meting is called, shall be delivered not less than ten (10) or more than sixty (60) days before the date of the meeting, either personally, by facsimile, by electronic mail (to the extent permitted under Texas law) or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting, to each Member of record entitled to vote at the meeting.

B. Notice of any meeting of Members shall specify the place, date and hour of the meeting. The notice shall also specify the purpose of the meeting if it is a special meeting, or if its purpose or one of its purposes will be to consider a proposed dissolution or the revocation of a voluntary dissolution by the Act of the Association or to consider a proposed disposition of all, or substantially all of the assets of the Association outside the ordinary course of business.

Section 3.6. Quorum/Adjournments

Except as provided in the Declaration, or as otherwise provided by statute or these Bylaws, the Members holding one-tenth (1/10) of the votes issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the Members for the transaction of business. If, however, a quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 3.7. Transaction of Business

When a quorum is present at any meeting, the vote of the Members holding a majority of the votes having voting power present in person or represented by proxy shall decide any question properly noticed for such meeting, unless the question is one upon which by express provisions of the statutes or these Bylaws, a different vote is required, in which case such express provision shall govern. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of any Members to leave less than a quorum.

ARTICLE IV
DIRECTORS

Section 4.1. Powers

The business and affairs of the Association shall be managed by its Board of Directors who may exercise all the powers of the Association and may do all lawful acts and things which are not by statute, the Declaration, or these Bylaws directed or required to be exercised or done by the Members. Specifically, the Board of Directors shall be empowered to take such actions as authorized by the Director.

Section 4.2. Number and Election

The Board of Directors shall consist of three (3) directors. The Directors shall be elected at the annual meeting of the Members, except as hereinafter provided, and each Director elected shall hold office until his/her successor has been elected and qualified.

Section 4.3. Term of Office

At the initial meeting of the Board after expiration of the Declarant Control Period, the Declarant shall appoint two (2) resident Members for a two (2) year term and one (1) resident Member for a one (1) year term.

Section 4.4. Removal/Filling Vacancies

Any Director may be removed, with or without cause, at any special meeting of the Members by the affirmative vote of a majority of the Members present in person or by proxy at such meeting and entitled to vote for the election of such Director, if notice of intention to act upon such matter shall have been given in the notice calling such meeting. If any vacancies occur in the Board of Director, for any reason, a majority of the Directors then in office, though less than a quorum, may choose a successor or successors. Each successor Director so chosen shall be elected for the unexpired term of the predecessor in office.

Section 4.5. Prohibition of Cumulative Voting

Directors shall be elected by plurality vote. Cumulative voting shall not be permitted.

Section 4.6. Location of Meetings

The Directors of the Association may hold their meetings, both regular and special, either within or without the State of Texas.

Section 4.7. Annual Meetings

The first meeting of each newly elected Board shall be held without further notice immediately following the annual meeting of the Members, and at the same place, unless by unanimous consent of the Directors then elected and serving such time or place shall be changed.

Section 4.8: Regular Meetings

Regular meetings of the Board of Directors shall be held semiannually or more frequently if called by the President or by a majority of Board Members at such time and place as shall from time to time be determined by the Board.

Section 4.9. Special Meetings

Special meetings of the Board of Directors may be called by the President or secretary on two (2) days' notice to each Director, either personally, by facsimile, by electronic mail (to the extent permitted by Texas law) or by mail; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of a majority of Directors. Except as may be otherwise expressly provided by statute, these Bylaws neither the business to be transacted, nor the purpose of any special meeting need be specified in a notice or waiver of notice.

Section 4.10. Quorum

At all meetings of the Board of Directors, the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by Statute, the Declaration or these Bylaws. If a quorum shall not be present at any meeting of the Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present.

Section 4.11. Duties and Powers of the Board

In addition to all powers and duties provided elsewhere in the Declaration, these Bylaws or by applicable Texas law, the Board of Directors shall have and exercise the following duties and powers:

A. to execute all declarations of ownership for tax assessment purposes with regard to the Common Areas on behalf of all Owners;

B. to borrow funds to pay costs of operations secured by assignment or pledge of rights against delinquent Owners if the Board sees fit;

C. to enter into contracts, to maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association;

D. to protect or defend the Common Areas from loss or damage by suit or otherwise and to provide adequate reserves for replacements;

E. to make reasonable rules and regulations for the operation of the Common Areas and to amend them from time to time; provide that any rule or regulation may be amended or repealed by an instrument in writing signed by owners constituting a majority of votes of the Association, or, at the option of the Board with respect to a rule applicable to less than all the Common Areas, by a majority of votes of the

Owners of the portions affected; however, the Association's agreements, covenants and restrictions pertaining to the use, operation, maintenance and/or supervision of any facilities, structures, improvements, systems, areas or grounds that are the Association's responsibility may not be amended without the prior written consent signed by the chief executive employee of the Town of Flower Mound.

F. to take any action which the Association is or may be permitted or authorized to do in connection with the enforcement and application of the Declaration.

ARTICLE V
NOTICES

Section 5.1. Formalities of Notice

Whenever under the provisions of the statutes or these Bylaws, notice is required to be given to any Director or Member, and no provision is made as to how such notice shall be given, it shall be construed to mean either personal notice or notice in writing, by mail (regular or otherwise), postage prepaid, addressed to such Director or Member at such address as appears on the books of the Association. Any notice required or permitted to be given by mail shall be deemed to be given at the time when the same shall be thus deposited in the United States Mail as aforesaid.

Section 5.2. Waiver of Notices

Whenever any notice is required to be given to any Member or Director of the Association under the provisions of the statutes or these Bylaws, a waiver thereof in writing signed by the Person or Persons entitled to such notice, whether before or after the time stated in such notice, shall be deemed equivalent to the giving of such notice. Signing the minutes of any meeting shall be deemed a waiver of all formalities with respect to such meeting.

ARTICLE VI
OFFICERS

Section 6.1. Miscellaneous Provisions

The officers of the Corporation shall be elected by the Directors and shall be a President, Vice-President, a Secretary and a Treasurer. Any two or more offices may be held by the same person, except that the offices of President and Secretary and President and Treasurer shall not be held by the same persons. Any such officer shall have the powers and duties usually associated with such office, subject to limitations or extension by the Board of Directors.

Section 6.2. Other Agents

The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall be appointed for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 6.3. Duties