

ARTICLES OF INCORPORATION

MAR 13 2001

ARTICLES OF INCORPORATION
OF
ARBOR LAKES ADDITION HOMEOWNERS ASSOCIATION, INC. Corporations Section

Pursuant to Article 3.02 of the Texas Non-Profit Corporation Act, the undersigned natural person of the age of eighteen years or more, acting as Incorporator of a non-profit corporation under the Texas Non-Profit Corporation Act, hereby adopts the following Articles of Incorporation for the corporation.

ARTICLE I
Name of Corporation

The name of the corporation is Arbor Lakes Addition Homeowners Association, Inc.

ARTICLE II
Non-Profit Corporation

The corporation is a non-profit corporation.

ARTICLE III
Duration

The duration of the corporation is perpetual.

ARTICLE IV
Purpose

The corporation is the "Association" referred to in that certain Declaration of Covenants, Conditions and Restrictions for Arbor Lakes Addition and Provisions for Arbor Lakes Addition Homeowners Association dated August 19, 2000, recorded under Clerk's File No. 2000-0103958 in the Real Property Records of Collin County, Texas (the "Declaration of Covenants"), and the corporation shall have the rights and duties of the "Association" under the Declaration of Covenants. In exercising these Articles of Incorporation, the undersigned incorporator of the corporation is acting on behalf of the "Declarant" (as defined in the Declaration of Covenants). The purposes for which the corporation is organized are (i) to provide a safe and healthy community for the residents of the Arbor Lakes Addition community by providing educational, civic, benevolent, patriotic, social, fraternal, aesthetic and recreational opportunities (ii) to govern the provisions and terms of the Declaration of Covenants and (iii) to conduct any and all lawful business.

In furtherance thereof, the corporation may receive property by gift, devise or bequest, invest and reinvest the same and apply the income and principal thereof as the Board of Directors may from time to time determine, either directly or through contributions, to any charitable organization or organizations exclusively for charitable and educational purposes.

In furtherance of its exclusively charitable and educational corporate purposes, the corporation has all the general powers enumerated in Article 2.02 of the Texas Non-Profit Corporation Act as now in effect or as may hereafter be amended, together with the power to solicit grants and contributions for such purposes.

ARTICLE V

Membership Provisions

The members of the corporation consist of every person or entity who is record Owner of a free or undivided interest in any Lot which is subject to the jurisdiction of and to assessment by the Association, provided however, that any person or entity holding an interest in any such Lot or Lots merely as security for the performance of an obligation, shall not be a member.

As used herein, "Lot" or "Lots" shall mean any parcel or parcels or land within the real property governed by the Declaration of Covenants (the "Property") shown as a subdivided lot on the plat of Property, together with any and all improvements located thereon.

As used herein, "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or portion of a Lot within the Property, including contract sellers but excluding those having interest merely as security for the performance of an obligation.

ARTICLE VI

Registered Office and Agent

The address of the initial registered office of the corporation is c/o Haynes Development Company, 17817 Davenport Road, Suite 210, Dallas, Texas 75252 and the name of its initial registered agent at that address is Ronald N. Haynes, Jr.

ARTICLE VII

Initial Directors

The number of directors constituting the initial Board of Directors is three (3), and the names and addresses of the persons who are to serve as the directors until their successors are elected and qualified are:

Name

Address

Ronald N. Haynes, Jr.

17817 Davenport Road,
Suite 210
Dallas, Texas 75252

Joyce Haynes

17817 Davenport Road,
Suite 210
Dallas, Texas 75252

Patricia Kay Bales

17817 Davenport Road,
Suite 210
Dallas, Texas 75252

**ARTICLE VIII
Incorporator**

The name and address of the Incorporator is:

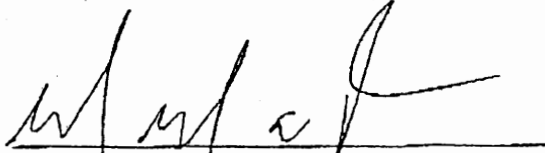
M. Matthew Fontane

2001 Ross Ave.
Suite 3000
Dallas, Texas 75201

**ARTICLE IX
Action by Written Consent**

Any action required by law to be taken at a meeting of the directors of the Corporation or any action that may be taken at a meeting of the directors of or of any committee may be taken without a meeting if a consent in writing, setting forth the actions to be taken, is signed by a sufficient number of directors or committee members as would be necessary to take that action at a meeting at which all of the directors or members of the committee were present and voted, provided that all other requirements of law to make such written consent effective to take the action are met.

IN WITNESS WHEREOF, the incorporator above listed has executed these Articles of Incorporation on March, 13, 2001.


M. Matthew Fontane

BYLAWS

**BYLAWS
OF
ARBOR LAKES ADDITION HOMEOWNERS ASSOCIATION, INC.**

THESE BYLAWS govern the affairs of Arbor Lakes Addition Homeowners Association, Inc., a Texas non-profit corporation.

**ARTICLE 1
DEFINITIONS AND CONSTRUCTION**

1.1 Certain Definitions. As used in these Bylaws, the following terms shall have the following meanings:

"Act" means the Texas Non-Profit Corporation Act.

"Annual Maintenance Fund Charge" means the annual maintenance fund charge to be levied against the members by the Association pursuant to Article XXXIII of the Protective Covenants.

"Association" means Arbor Lakes Addition Homeowners Association, Inc., a Texas non-profit corporation.

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

"Bylaws" means these Bylaws of the Association.

"Declarant" shall mean Allen-Reid Ltd., a Texas limited partnership.

"Director" means a director on the Board.

"Lot" "Lots" shall mean any parcel or parcels or land within the real property governed by the Declaration of Covenants (the "Property") shown as a subdivided lot on the plat of Property, together with any and all improvements located thereon.

"Member" means a member of the Association.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or portion of a Lot within the Property, including contract sellers but excluding those having interest merely as security for the performance of an obligation.

"Person" means an individual, corporation, business trust, estate, trust, custodian, trustee, executor, administrator, nominee, partnership, registered limited liability partnership, limited partnership, association, limited liability company, government, governmental subdivision, governmental agency, governmental instrumentality, and any other legal or commercial entity, in its own or representative capacity.

"President" means the individual holding the office of president of the Association.

"Proceeding" has the meaning given such term in Article 1396-2.22A of the Act.

"Property" means the real property described in Exhibit "A" attached hereto.

"Protective Covenants" means those certain Declaration of Covenants, Conditions and Restrictions for Arbor Lakes Addition Homeowners Association dated August 19, 2000, recorded under Clerk's File No. 2000-0103958 in the Real Property Records of Collin County, Texas as the same may be amended from time to time.

"Required Interest" means a majority of the votes entitled to be cast at a meeting of the Members.

"Secretary" means the individual holding the office of secretary of the Association.

1.2 Construction. Whenever the context requires, (i) the gender of all words used in these Bylaws includes the masculine, feminine, and neuter, and (ii) all singular words include the plural, and all plural words include the singular.

ARTICLE 2 OFFICES

2.1 Principal Office. The Association's principal office shall be located at 17817 Davenport Road, Suite 210, Dallas, Texas, 75252. The Association may have such other offices, in Texas or elsewhere, as the Board may determine. The Board may change the location of any office of the Association.

2.2 Registered Office and Registered Agent. The Association shall maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Association's principal office. The Board may change the registered office and the registered agent as permitted in the Act.

ARTICLE 3 MEMBERS

3.1 One Class of Members. The Association shall have two (2) classes of Members. Class A Members shall be the Owners of a free or undivided interest in any Lot. Class B Members shall be the Declarant and any builders approved by Declarant for construction of houses and other improvements on the Property for the sale to other Persons. All Owners shall be a Member of the Association.

3.2 Changes in Membership. A Person who becomes the record owner of fee title to any real property constituting a portion of the Property and gives written notice to the Association of such Person's desire to become a Member shall be admitted as a Member of the Association effective upon the Association's receipt of such written notice. A Person shall cease

to be a Member at such time as that Person is no longer an Owner. Membership in the Association is not transferable or assignable.

3.3 Voting Rights. The Association shall have two classes of voting membership.

Class A. Class A Members shall be entitled to one vote for each Lot in which they hold an ownership interest. When more than one person holds such interest or 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 such Lot.

Class B. The Class B Members shall be entitled to three votes for each Lot in which they hold an ownership interest, provided that the Class B membership shall cease and become converted to Class A membership on the happening of the following events, whichever occurs earlier:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in the Class B membership; or

(b) January 1, 2010.

From and after the happening of these events, whichever occurs earlier, the Class B Member shall be deemed to be a Class A Member entitled to one vote for each Lot in which it holds the interest required for membership.

All voting rights of an Owner may be suspended by the Board of Directors during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to the Protective Covenants, or is otherwise in default thereunder or under the Bylaws or Rules and Regulations of the Association.

3.4 No Interest in Association Property. The Association owns all real and personal property acquired by the Association. A Member has no interest in specific property of the Association, and each Member waives the right to require partition of all or part of the Association's property.

ARTICLE 4 MEETINGS OF MEMBERS

4.1 Annual Meeting. An annual meeting of the Members shall be held at 5:00 p.m. on the 15th day of March each year or at such other time that the Board designates. If the day fixed for the annual meeting falls on a Saturday, Sunday, or legal holiday in Texas, the meeting shall be held on the next business day. At the annual meeting, the Members shall elect Directors and transact any other business that may come before the meeting. If, in any year, the election of Directors is not held on the day designated for the annual meeting, or at any adjournment of the annual meeting, the Board shall call a special meeting of the Members, as soon as possible, to elect Directors.

4.2 Special Meetings. Special meetings of the Members may be called by the President, the Board, or Members having at least twenty-five percent (25%) of the votes entitled to be cast at a meeting of the Members. Any other special meetings may be called by the President, Board, or Members as provided for in the Protective Covenants.

4.3 Place of Meeting. The Board may designate any place inside the State of Texas, as the place of meeting for any annual or special meeting of the Members. If the Board does not designate the place of a meeting of the Members, such meeting shall be held at the Association's principal office in Texas.

4.4 Notice of Meetings. No notice of annual meetings of the Members shall be required to be given, and no provision of these Bylaws shall be construed otherwise. With respect to special meetings of the Members other than as may be governed by the Protective Covenants, written or printed notice stating the place, day, and hour of the meeting and the purpose or purposes for which such special meeting is called shall be delivered not less than ten (10) nor more than sixty (60) days before the date of such special meeting, either personally, by facsimile transmission, or by mail, by or at the direction of the President, the Secretary, or the Persons calling such special meeting, to each Member entitled to vote at such special meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at its address as it appears on the records of the Association, with postage thereon paid. If transmitted by facsimile, notice is deemed to be delivered on successful transmission of the facsimile. If all of the Members meet and consent to holding a special meeting, any may be taken at such meeting regardless of lack of proper notice.

4.5 Record Date. The record date for determining the Members entitled to notice of a meeting of the Members shall be fixed by the Board. If the Board fails to fix a record date for a meeting of the Members, the Members on the date of such meeting shall be entitled to vote at such meeting.

4.6 Voting Members' List. After fixing the record date for a meeting of the Members, the Board, the President, or the Secretary shall cause to be prepared an alphabetical list of all Members who are entitled to notice of the meeting. The list must show the address and number of votes each Member is entitled to cast at the meeting. Not later than two (2) business days after the date notice is given of a meeting for which a list was prepared in accordance with the foregoing, and continuing through the meeting, the list of Members must be made available for inspection by any Member entitled to vote at the meeting for the purpose of communication with other Members concerning the meeting at the Association's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. A Member or Member's agent or attorney is entitled on written demand to inspect and copy the list at a reasonable time and at the Member's expense during the period it is available for inspection. The Association shall make the list of Members available at the meeting, and any Member or Member's agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment.

4.7 Quorum. Members holding a Required Interest who attend the meeting in person or by proxy shall constitute a quorum at a meeting of Members. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business, even if

enough Members leave so that less than a quorum remains. However, no action may be approved without the vote of at least a Required Interest. If a quorum is not present at any time during a meeting, a majority of the Members who are present may adjourn and reconvene the meeting once without further notice.

4.8 Actions of Members. With respect to any matter voted upon at a meeting of the Members, the affirmative vote of a Required Interest shall constitute the act of the Members unless the Act requires the vote of a greater proportion of votes entitled to be cast at a meeting of the Members.

4.9 Proxies. A Member entitled to vote at a meeting of Members may vote by proxy. All proxies must be in writing, bear the signature of the Member giving the proxy, and must specify the date on which they are executed. No proxy is valid after 11 months from the date of its execution, unless the proxy specifically states a later date.

ARTICLE 5 BOARD OF DIRECTORS

5.1 Management of Association. The Board shall manage the affairs of the Association. Without limiting the generality of the foregoing, the Board shall fix the amount of the Annual Maintenance Fund Charge and shall authorize the expenditure of funds collected in connection therewith. In managing the affairs of the Association, the Board shall abide by the Protective Covenants.

5.2 Finality of Determination. Provided that the Board abides by the Protective Covenants and exercises its judgment in good faith, the judgment of the Board with respect to the Annual Maintenance Fund Charge (including, without limitation, fixing the amount thereof and authorizing the expenditure of amounts collected in connection therewith) shall be final.

5.3 Number, Qualifications, and Tenure of Directors. The number of Directors shall be three (3). Directors need not be Members. Each Director shall serve for a term of one (1) year, provided that a Director may be elected to succeed himself or herself any number of times.

5.4 Nominating Directors. At any meeting at which the election of Directors is held, a Member may nominate an individual.

5.5 Electing Directors. An individual who has been duly nominated may be elected as a Director. Directors shall be elected by the vote of a Required Interest of the Members and shall hold office until a successor is elected by the Members.

5.6 Vacancies. The Board shall fill any vacancy in the Board and any Director position to be filled due to an increase in the number of Directors. A vacancy shall be filled by the affirmative vote of a majority of the remaining Directors, even if it is less than a quorum of the Board, or if it is a sole remaining Director. A Director selected to fill a vacancy shall serve for the unexpired term of his or her predecessor in office.

5.7 Annual Meeting. The annual meeting of the Board may be held without notice. The annual Board meeting shall be held immediately after, and at the same place as, the annual meeting of the Members.

5.8 Special Meetings. Special meetings of the Board may be called by, or at the request of, the President or a majority of the Directors. Special meetings of the Board shall be held at the Association's registered office in Texas. The Secretary shall give notice of a special meeting of the Board to the Directors as these Bylaws require.

5.9 Notice. Written or printed notice of any special meeting of the Board shall be delivered to each Director not less than three (3), nor more than ten (10), days before the date of the meeting. The notice shall state the place, day, and time of the meeting, who called it, and the purpose or purposes for which it is called.

5.10 Quorum. A majority of the number of Directors then in office constitutes a quorum for transacting business at any meeting of the Board. The Directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough Directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Directors required for a quorum. If a quorum is never present at any time during a meeting, a majority of the Directors present may adjourn and reconvene the meeting once without further notice.

5.11 Actions of Board of Directors. The vote of a majority of Directors present and voting at a meeting of the Board at which a quorum is present shall constitute the act of the Board, unless the vote of a greater number is required by the Act. A Director who is present at a meeting and abstains from a vote is not considered to be present and voting for the purpose of determining the Board's decision. For the purpose of determining the decision of the Board, a Director who is represented by proxy in a vote is considered present.

5.12 Proxies. A Director may vote by proxy. All proxies must be in writing, must bear the signature of the Director giving the proxy, and must bear the date on which the proxy was executed by the Director. No proxy is valid after three (3) months from the date of its execution.

5.13 Compensation. Directors shall not receive salaries for their service as Directors. A Director may serve the Association in any other capacity and receive compensation for those services, provided that any such compensation shall be reasonable and commensurate with the services performed.

5.14 Removing Directors. The Members may remove a Director from the Board at any time, with or without cause, by the affirmative vote of a Required Interest. A special meeting to consider removing a Director may be called, and notice of such special meeting given, by following the procedures provided in these Bylaws for a special meeting of the Members. The notice of such special meeting shall state that the issue of possibly removing the Director will be on the agenda.

ARTICLE 6 OFFICERS

6.1 Officer Positions. The Association's officers shall consist of the President and the Secretary. The Board may create additional officer positions, define the authority and duties of each such position, and elect Persons to fill each such position. The same individual may hold any two or more offices, except for President and Secretary.

6.2 Election and Term of Office. The Association's officers shall be elected by the Board. Each officer shall hold office until a successor is duly elected by the Board.

6.3 President. The President is the Association's chief executive officer and shall supervise and control all of the Association's business and affairs. The President shall preside at all meetings of the Members and of the Board, execute any instruments that the Board authorizes to be executed, and perform such duties as are assigned by the Board.

6.4 Secretary. The Secretary shall take minutes of the meetings of the Members and the Board, maintain custody of the Association's records, and perform such duties as are assigned by the Board.

ARTICLE 7 TRANSACTIONS OF CORPORATION

7.1 Instruments. The Board may authorize any officer or agent of the Association to enter into and deliver any instrument in the name of, and on behalf of, the Association. This authority may be limited to a specific instrument, or it may extend to any number and type of possible instruments.

7.2 Deposits. All the Association's funds shall be deposited to the credit of the Association in banks, trust companies, or such other depositories that the Board selects.

ARTICLE 8 BOOKS AND RECORDS

8.1 Required Books and Records. The Association shall keep, at its registered or principal office, (i) correct and complete books and records of account, (ii) minutes of the proceedings of the Members and the Board, and (iii) a record of the names and addresses of the Members.

8.2 Annual Financial Statements. The Association shall, not later than one hundred twenty (120) days after the end of each fiscal year of the Association, furnish to each Member who requests a copy in writing, financial statements which shall include a balance sheet as at the end of such year and a statement of operations for the year then ended. Such financial statements may be, but shall not be required to be, audited.

8.3 Inspection. All Members shall have the right during regular business hours to inspect the books and records of the Association at the Association's principal office.

ARTICLE 9 FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the last day in December in each year.

ARTICLE 10 INDEMNIFICATION

The Association may indemnify a Director, officer, Member, employee, or agent of the Association to the fullest extent permitted by law. However, the Association shall not indemnify any Person in any situation in which indemnification is prohibited by law.

ARTICLE 11 NOTICES

11.1 Notice by Mail or Facsimile. Any notice required or permitted by these Bylaws to be given to a Person may be given by mail or facsimile. If mailed, a notice is deemed delivered when deposited in the mail, with postage prepaid, addressed to the address of the Person as it appears in the records of the Association. If given by facsimile, a notice is deemed delivered upon successful transmission to the Person. A Person may change its address in the Association's records by giving written notice of such change to the President or Secretary.

11.2 Signed Waiver of Notice. Whenever any notice is required by law or these Bylaws, a written waiver signed by the Person entitled to receive such notice shall be considered equivalent to such notice. A waiver of notice is effective whether signed before or after the time stated in the notice being waived.

11.3 Waiving Notice by Attendance. A Person's attendance at a meeting constitutes waiver of notice of the meeting unless the Person attends for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE 12 SPECIAL PROCEDURES CONCERNING MEETINGS

12.1 Meeting by Telephone. The Members and the Board may hold a meeting by telephone conference call procedures. In all meetings held by telephone, matters must be arranged in such a manner that all Persons participating in the meeting can hear each other, and the notice of a meeting by telephone conference must state the fact that the meeting will be held by telephone. A Person's participating in a conference call meeting constitutes its presence at the meeting.

12.2 Action Without Meeting. Any action required by the Act to be taken at a meeting of the Members or the Board or any action that may be taken at a meeting of the Members or the Board may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of Members or Directors as would be necessary to take that action at a meeting at which all of the Members or Directors were present and voted.

12.3 Proxy Voting. A Person authorized to exercise a proxy may not exercise the proxy unless it is delivered to the officer presiding at the meeting before the business of the meeting begins. The Secretary or other Person taking the minutes of the meeting shall record in the minutes the name of the Person who executed the proxy and the name of the Person authorized to exercise the proxy. If a Person who has duly executed a proxy personally attends a meeting, the proxy shall not be effective for that meeting. A proxy filed with the Secretary or other designated officer remains in force until (i) an instrument revoking the proxy is delivered to the Secretary or other designated officer, (ii) the proxy authority expires under the proxy's terms, or (iii) the proxy authority expires under the terms of these Bylaws.

ARTICLE 13 AMENDING BYLAWS

These Bylaws may be altered, amended, or repealed, and new bylaws may be adopted, either by the Members or the Board. The notice of any meeting at which these Bylaws are altered, amended, or repealed, or at which new bylaws are adopted, shall include the text of the proposed bylaw provisions.

ARTICLE 14 MISCELLANEOUS PROVISIONS

14.1 Governing Law. These Bylaws shall be governed by and construed under the laws of the State of Texas.

14.2 Construction; Severability. To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to non-profit corporations. If any provision of these Bylaws is held to be invalid, illegal, or unenforceable in any respect, such invalid, illegal, or unenforceable provision shall not affect any other provision of these Bylaws, and these Bylaws shall be construed as if they had not included such invalid, illegal, or unenforceable provision.

14.3 Headings. The headings used in these Bylaws are for convenience and may not be considered in construing these Bylaws.

THESE By-laws are adopted by the Board as of March 14, 2001.

COVENANTS, CONDITIONS & RESTRICTIONS

04759 01219

2000- 0103958

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

ARBOR LAKES ADDITION

AND PROVISIONS FOR

ARBOR LAKES ADDITION HOMEOWNERS ASSOCIATION

THE STATE OF TEXAS §
 §
COUNTY OF COLLIN §

KNOW ALL MEN BY THESE PRESENTS:

THIS DECLARATION OF RESTRICTIVE COVENANTS AND CONDITIONS FOR ARBOR LAKES ADDITION is made on the date hereinafter set forth by Allen-Reid, Ltd., a Texas limited partnership ("Declarant"), for the purposes herein set forth as follows:

WITNESSETH:

WHEREAS, the below named Declarant is the owner of the below described real property commonly known as Arbor Lakes Addition, Allen, Collin County, Texas (hereinafter called "the Subdivision"), to wit:

(see legal description attached hereto as Exhibit A)

WHEREAS, Declarant has created a residential community for the benefit of the present and future owners of said Lots within the Subdivision, and desires to create and carry out a uniform plan for the improvement, development and sale of the Lots;

WHEREAS, Declarant desires to ensure the preservation of the values and amenities in said community and for the maintenance of said Common Facilities, and to this end desires to further subject the above-described real property, together with such additions as may hereafter be made thereto as herein provided, to the covenants, restrictions, easements, charges, and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each of the owners thereof; and

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

WHEREAS, ARBOR LAKES ADDITION HOMEOWNERS ASSOCIATION has been incorporated under the laws of the State of Texas as a non-profit corporation for the purposes of exercising the functions aforesaid as to Arbor Lakes Addition, and such other real property as may be annexed thereto and become subject to the jurisdiction of said Association;

NOW, THEREFORE, Declaration declares that the above-described property constituting Arbor Lakes Addition is and shall be held, transferred, sold, conveyed, occupied, and enjoyed subject to the covenants, restrictions, easements, charges, and liens hereinafter set forth and shall hereafter be subject to the jurisdiction and assessments of ARBOR LAKES ADDITION HOMEOWNERS ASSOCIATION on the terms and provisions herein stated:

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By: <u>ppacker</u>	Date: <u>6/30/04</u>
File Name: <u>167-CCRS-Rec-2000-0103958</u>	

ARTICLE I

PURPOSE

Arbor Lakes Addition, is encumbered by these Restrictive Covenants for the following reasons: to ensure the best and highest use and most appropriate development of the property; to protect lot owners against improper use of surrounding lots; to preserve so far as practicable the natural beauty of the property; to encourage and secure the erection of attractive improvements on each lot with appropriate locations; to secure and maintain proper setbacks from streets and adequate free space; and, in general, to provide for development of the highest quality to enhance the value of investment made by owners of Lots (as hereinafter defined).

ARTICLE II

DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings.

(a) "ACC" and "Architectural Control Committee" or "Committee" shall mean and refer to the Architectural Control Committee, its successors and assigns, established pursuant to the existing covenants as more particularly described in Article IV herein.

(b) "Association" shall mean and refer to ARBOR LAKES ADDITION HOMEOWNERS ASSOCIATION, a Texas non-profit corporation, its successors and assigns as provided for herein.

(c) "Board of Directors" and "Board" shall mean and refer to the Board of Directors of Arbor Lake Addition Homeowners Association, the election and procedures of which shall be as set forth in the Articles of Incorporation and By-Laws of said Association.

(d) "Builder Member" shall mean such builders approved by Declarant for construction within the Subdivision and who own one or more Lots for construction of a residence and resale to others.

(e) "Common Areas" and "Common Facilities" shall mean and refer to all property owned or maintained by the Association for the use and benefit of the Members of the Association. By way of example, and not by way of limitation, Common Areas or Common Facilities will include the perimeter and entry walls, monuments and signage and drainage easements, recreational facility, play ground and/or equipment and other items.

(f) "Common Maintenance Area" shall mean and refer to the Common Areas and the entrance monuments, perimeter walls, drainage facilities and detention ponds, esplanade and right-of-way landscaping, wrought iron fences along the Common Areas, all areas reserved as maintenance and landscaping easements, and such other areas lying with indicated public easements or rights-of-way as deemed appropriate by the Board of Directors of the Association for the preservation, protection and enhancement of the property values and the general health, safety or welfare of the Owners.

(g) "Common Open Space One," "Common Open Space Two," "Common Open Space Three," "Common Open Space Four," and "Common Open Space Five" shall mean those certain common areas dedicated to the Arbor Lakes Addition Homeowners Association as indicated on the Subdivision Plat.

(h) "Declarant" shall mean and refer to Allen-Reid, Ltd., its successors or assigns who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

(i) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Arbor Lakes Addition, and any amendments, annexations and supplements hereto made in accordance with the terms hereof.

(j) "Living Unit" shall mean and refer to a single family residence and its attached or detached garage situated on a lot.

(k) "Lot" or "Lots" shall mean any parcel or parcels of land within the Property shown as a subdivided lot on the Subdivision Plat out of the Property, together with all Improvements located thereon.

(l) "Member" shall mean and refer to all those owners who are members of the Association as provided herein.

(m) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or portion of a Lot, within the Properties, including contract sellers but excluding those having interest merely as security for the performance of an obligation.

(n) "Property" or "Properties" shall mean and refer to the above described properties known as Arbor Lakes Addition, and additions thereto, as are subject to this Declaration or any Amended or Supplemental Declaration.

(o) "Single Family" shall mean and refer to a group related by blood, adoption, or marriage or a number of unrelated roommates equal to the number of bedrooms in a living unit.

(p) "Subdivision" shall mean a portion of the Property which is subdivided for residential purposes as shown on a map or plat of record in the Plat Records of Collin County, Texas.

(q) "Subdivision Plat" shall mean and refer to the map or plat of Arbor Lake Addition filed for record in Volume ____, Page ____ of the Deed and Plat Records of Collin County, Texas and any amendment thereof upon filing of same for record in the Deed and Plat Records of Collin County, Texas.

ARTICLE III

USE

All Lots in the Subdivision shall be used for single family residential purposes except for any Lot owned by the Association.

No Owner shall occupy or use his Lot or any improvements constructed thereon, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence for the owner, his family, guests and tenants. During the construction and sales period of the initial Living Units, the building may erect and maintain such structures as are customary in connection with such construction and sale of such property, including, but not limited to, a business office, storage areas, sign, model units, sales office, and construction trailer, but the size, location, and design of any storage sheds, signs, sales office and construction trailer shall be subject to ACC approval.

No building material of any kind shall be placed or stored upon any Lot until the Owner thereof is ready to commence improvements, and then the material shall be placed within the property lines of the Lot upon which the improvements are to be erected and shall not be placed on the street or between the curb and property line.

All temporary construction and sales structures shall be aesthetically compatible with the Subdivision development, as solely determined by the Committee.

No Owner or Owner's agent shall clear, make improvements to, plant within or disturb any Common Area except at the direction of the Association. Neither the Association nor any Owner shall have the right to clear, improve, plant upon or disturb any property lying outside the Subdivision.

ARTICLE IV

ARCHITECTURAL CONTROL COMMITTEE

There is hereby created an Architectural Control Committee, initially composed of Ron Haynes, Randall Van Wolfswinkle and Mark Johns, to serve until their successors are named. A majority of Committee may act for the Committee and no notice of any of its meetings shall be required. Subject to the terms hereinafter set forth, Declarant shall have the right to remove or add members to the Committee and fill vacancies in the committee membership and Declarant may assign such rights to the Association. The sale of the last Lot owned by Declarant within the Properties shall be deemed to be an assignment to the Association of Declarant's powers with respect to ACC membership. Committee members shall not be entitled to compensation for their services rendered in such capacity.

No building, fence, wall, outbuilding or other structure or improvement shall be erected, altered, added onto, placed or repaired on any lot in the subdivision until the complete plans including site plans, floor plans depicting room sizes and layouts, exterior elevations, any other plans or information deemed necessary by the ACC for the performance of its function ("Required Plans"), are submitted and approved in writing by the Architectural Control Committee as to the conformity and harmony of exterior design with existing structures in the Subdivision. In addition, the Owner shall submit the identity of the individual or company intended to perform the work and projected commencement and completion dates.

Within thirty (30) days after the Owner has submitted to the Committee the Required Plans and written notice that the Owner desires to obtain ACC approval, the Committee shall notify Owner in writing whether the Required Plans are approved or disapproved. If plans and specifications are not sufficiently complete or are otherwise inadequate, the ACC may reject them as being inadequate or may approve or disapprove them in part, conditionally or unconditionally, and reject the balance. In the event the plans submitted by the Owner have not been approved or disapproved within thirty (30) days after being submitted, the plans so submitted will be deemed to have been approved but a deemed approval shall not permit a violation of any of the terms of this Declaration nor extend to any deviation from or alteration to the plans actually submitted nor to any matter requiring a written variance.

The Committee shall have the express authority to perform fact finding functions hereunder and shall have the power to construe and interpret any covenant herein that may be vague, indefinite, uncertain or capable of more than one interpretation. The goal of the Committee is to encourage the construction of dwellings of good architectural design, quality and proper size compatible with Declarant's conceptual plan for the subdivision. Dwellings should be planned and designed with particular attention to the design and aesthetic appearance of the exterior and the use of such materials, which, in the sole judgement of the Committee, create an attractive and harmonious blend with existing and proposed dwellings in the immediate area and the natural surroundings. Members of said Committee and their representatives shall not be liable to any person subject to or possessing or claiming the benefits of these restrictive covenants for any damage or injury to property or for damage or loss arising out of their acts hereunder. The Committee's evaluation of Required Plans is solely to determine compliance with the terms of this Declaration and the aesthetics or the proposed improvements and the Committee disclaims any responsibility to determine compliance with any applicable building code or other standard for construction.

The Architectural Control Committee shall have the right, but not the obligation, to grant variances and waivers relative to deviations and infractions of the Declaration or to correct or avoid hardships to Owners. Upon submission of a written request for same, the ACC may, from time to time, in its sole discretion, permit an owner to construct, erect or install a dwelling which is in variance from the covenants, restrictions or architectural standards which are provided in this Declaration. In any case, however, the dwelling with such variances must, in the Committee's sole discretion, blend effectively with the general architectural style and design of the neighborhood and must not detrimentally affect the integrity of the subdivision or be incompatible with the natural surroundings. All requests for variances shall be in writing, shall be specifically indicated to be a request for variance, and shall indicate with specificity the particular standard sought to be varied and the nature of the variance requested. All requests for variances shall be deemed to be disapproved if the Committee has not expressly and in writing approved such request within thirty (30) days of the submission of such request. No member of

the Committee shall be liable to any owner for any claims, causes of action or damages arising out of the grant of any variance to an owner. No individual member of the ACC shall have any personal liability to any Owner or any other person for the acts or omissions of the ACC if such acts or omissions were committed in good faith and without malice. Each request for a variance submitted hereunder shall be reviewed independently of similar and the grant of a variance to any one Owner shall not constitute a waiver of the Committee's right to deny a variance to another Owner. The decisions of the Architectural Control Committee with respect to variances shall be final and binding upon the applicant.

All decisions of the Committee shall be final and binding, and there shall not be revisions of any action of the Committee except by procedure for injunctive relief when such action is patently arbitrary and capricious. In the event of construction of improvements or threatened construction of improvements in violation of this Declaration, any Owner, the Association, Declarant or the Committee may seek to enjoin such construction or seek other relief against the Owner or builder responsible therefor provided that each such offending party shall first be given written notice of the perceived violation and the opportunity to remedy the violation prior to the filing of suit. Neither the Declarant, the Architectural Control Committee, nor any member of such Committee shall be liable in damages, or otherwise, to anyone submitting plans and specifications for approval or to any Owner who believes himself adversely affected by this Declaration by reason of mistake of judgement, negligence or nonfeasance in connection with the approval or disapproval of plans or requests for variance.

The Architectural Control Committee shall be duly constituted and shall continue to function for the entire duration of this Declaration, including any extensions thereof. At such time as Declarant no longer owns any Lots subject to the jurisdiction and assessment of the Association, the Board of Directors shall have the right and obligation to appoint the members of the Committee.

ARTICLE V

RESTRICTIONS ON LOTS

Except for Common Areas owned or maintained by the Association, all Lots in the subdivision shall be used for residential purposes. No residential building shall remain incomplete for more than twelve (12) months after construction has commenced. Temporary use may be made of a house for a builder's sales office, which shall be permitted until such house is occupied as a residence, provided such use is approved in writing by Declarant.

Every unit shall have and maintain a garage large enough to accommodate under roof a minimum of two (2) full-sized automobiles. No garage shall be permanently enclosed for conversion to any other use. Open carports are not permitted unless special design circumstances warrant their use, in which case permission must be obtained in writing from the ACC prior to construction.

The term "residential purposes" as used herein shall be held and construed to exclude any commercial use, industrial use, apartment house, hospital, clinic and/or professional use, and such excluded uses are hereby expressly prohibited. Business use will be permitted providing that the use conforms to zoning regulations, is not detectable by sight, sound or smell, and does not increase or obstruct vehicular or pedestrian traffic.

ARTICLE VI

OUTBUILDING REQUIREMENTS

Every outbuilding, inclusive of such structures as a detached garage, storage building, gazebo, spa, greenhouse or childrens' playhouse, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition. All such outbuildings shall be subject to approval of the ACC. In no instance shall an outbuilding exceed one (1) story in height other than a detached garage, nor shall the total floor area of outbuildings other than a detached garage exceed ten percent (10%), individually or in the aggregate, of the floor area of the main dwelling.

ARTICLE VII

BUILDING MATERIALS

Roofing shall be architectural, 20-year composition shingles, as approved by the ACC. All roofs shall have a pitch of 4:12 or greater.

All fireplace flues and smoke stacks shall be enclosed and concealed from public view in finished chimneys or materials architecturally compatible with the finish material of the exterior walls of the dwelling or otherwise approved by the ACC. All front load chimneys will be composed of masonry matching the primary masonry used on the residence. Center load fireplace chimneys may use siding to match the existing materials of the residence or may use masonry matching the primary masonry used on the residence.

ARTICLE VIII

FENCES

No fence or wall shall be built or maintained forward of the front wall line, nor any hedge planted or maintained forward of the front setback line, of the main structure, not including decorative walls or fences which are part of the architectural design of the main structure, and which are not to be built or maintained nearer than the building setback line of any Lot unless otherwise approved in writing by the ACC. All fences or walls located on a Lot are to be maintained at the expense of the Lot Owner. All fences shall be all wood composed of one inch by four (1" x 4"), six feet (6') tall, notched, vertical planks. No fence panel shall exceed 10 feet (10') in length.

The ACC is empowered to waive the aforesaid composition requirements for fences and the aforesaid height or setback limitation in connection with retaining walls and decorative walls if, in its sole discretion, such waiver is advisable in order to accommodate a unique, attractive or advanced building concept, design or material, and the resulting fence, decorative wall and/or retaining wall (whichever is applicable) will not detract from the general appearance of the neighborhood.

No fence, wall or hedge or shrub planting which obstructs sight lines shall be placed or permitted to remain on any corner Lot within the triangular area as formed by the extension of curb lines and a line connecting them at points twenty-five feet (25') from the intersection of the curb lines into the street, or in the case of a rounded property corner, from the intersection of three and one-half feet (3-1/2') tall shall be allowed in this inscribed triangle. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

ARTICLE IX

DRIVEWAYS AND SIDEWALKS

Driveways on each residential Lot and all sidewalks visible from a street can be constructed of broom finish concrete, stamped concrete, or brick pavers. Other materials and finishes require prior ACC approval. At the time of construction of a residence, the Owner shall also construct a four-foot sidewalk which shall be placed and constructed within the street right of way in accordance with City of Allen specifications and ordinances, behind the curb. Location, design and any decorative surface must be approved by the ACC. The driveway turnout shall be constructed in such manner as to provide an attractive transitional radius from the curb and gutter into the driveway entrance and shall prevent escape of drainage water from the street onto any Lots. Driveways and sidewalks must be shown on the site plan submitted for approval by the ACC. Asphalt and gravel driveways and sidewalks are specifically prohibited.

ARTICLE X

TEMPORARY STRUCTURES

No structure of a temporary character (sales structure, trailer, tent, shack, garage, barn or other outbuildings) shall be used on any Lot at any time for storage or as a residence, either

to the extent necessary to take any action required and levy any assessment that the Association might have, either in the name of the Association, or otherwise, to cover the cost of maintenance of said Common Areas and Common Maintenance Areas.

ARTICLE XIII LANDSCAPING

All front yards and side yards on all Lots must be planted with grass or other ground cover exclusive of any landscaped areas. Decorative ground cover rock in the front and side yards may not exceed ten (10%) percent of the total area of the front and side yards. Cuts into natural grade visible from the street are to be faced with masonry, landscape timbers, sodding or landscaping. Allowances may be made for areas left in their natural state depending on their appearance.

ARTICLE XIV

VEHICLES

No trailer, motor home, tent, boat, recreational vehicle, travel trailer, any truck larger than a three-quarter (3/4) ton pick-up, or wrecked, junked or wholly inoperable vehicle shall be kept, parked, stored or maintained on any portion of the front yard area of a Lot nor shall be kept, parked, stored or maintained on other portions of the Lot, unless in an enclosed structure or in a screened area which prevents the view thereof from any Lots or dwelling and streets. Intermittent overnight parking of trailer, motor home, tent, boat, recreational vehicle or travel trailer for a period of time not to exceed twenty-four (24) consecutive hours will be permitted. No dismantling or assembling of an auto, trailer, any truck or any other machinery or equipment shall be permitted in any driveway or yard adjacent to a street. The ACC, as designated in this Declaration, shall have the absolute authority to determine from time to time whether a vehicle and/or accessory is operable and adequately screened from public view. Upon an adverse determination by said ACC, the vehicle and/or accessory shall be removed and/or otherwise brought into compliance with this paragraph.

Amended

No vehicles, trailers, implements or apparatus may be driven or parked on any easement.

All matters set forth in this Article requiring approval shall require the express, advance, written approval of the ACC.

ARTICLE XV

NUISANCES

No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

No Owner or occupant shall perform any work that will impair the structural soundness or integrity of another Living Unit or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other Living Units or their Owners or residents.

No exterior lighting of any sort shall be installed or maintained on a Lot where the light source is offensive or a nuisance to neighboring property (reasonable security or landscape, or tennis court lighting is permitted with the prior approval of the ACC.)

No exterior speakers, horns, whistles, bells or other sound devices (except security devices used exclusively to protect the Lot and improvements situated thereon or entry door and patio intercoms) shall be placed or used upon any Lot.

All matters set forth in this Article requiring approval shall be deemed to be the express approval, in advance, of the ACC.

ARTICLE XVI

GARBAGE AND REFUSE DISPOSAL

No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers, whether arranged for alley pickup or street pickup. No trash, ashes or other refuse may be thrown or dumped on any vacant Lot, park, street, Right of Way, or drainage area in the Properties. No cans, bags, containers or receptacles for the storing or disposal of trash, garbage, refuse, rubble, or debris shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage and rubbish and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal but shall be removed from view before the following day.

ARTICLE XVII

PETS

No animals, livestock, poultry, exotic or dangerous pets of any type (*i.e.* pit bulls, boa constrictors, ferrets, etc.) that may pose a safety or health threat to the community shall be raised, bred or kept on any Lot except for cats, dogs, or other generally recognized household pets of a reasonable number provided that they are not kept, or maintained for any commercial purposes and provided further that no more than a total of four (4) adult animals may be kept on a single Lot. Adult animals for the purpose of these covenants shall mean and refer to animals one (1) year or older.

All such animals shall be kept in strict accordance with all local laws and ordinances (including leash laws), and in accordance with all rules established by the Association. It shall be the responsibility of the owners of such household pets to prevent the animals from running loose or becoming a nuisance to the other residents.

ARTICLE XVIII

OIL AND MINING OPERATIONS

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. No tank for the storage of oil or other fluids may be maintained on any Lots above the surface of the ground.

ARTICLE XIX

WATER AND SEWAGE SYSTEMS

No individual water supply system shall be permitted on any Lot, including, but not limited to water wells.

ARTICLE XX

MICROWAVE, RADIO, TV ANTENNA, AND SOLAR COLLECTORS

No microwave dishes, radio, citizen band or otherwise, or television aerial wires or antennas shall be maintained on any portion of any Lot, except those which are fully enclosed or retractable within the structure of the Living Unit. No microwave dishes, antennas, receivers, or transmitters shall be placed on any Lot without being fully enclosed or fully screened from public view. Solar apparatus, if erected, must be maintained in such a way that it is screened from public view, installed in a location not visible from the street, and Rights of Way or other parcels or portions thereof, and must be approved by the ACC before erection.

ARTICLE XXI

CLOTHES HANGING DEVICES

Clothes hanging devices exterior to a dwelling shall not exceed six (6) feet in height and shall be so located as to not be visible from any street.

ARTICLE XXII

UTILITY EASEMENTS AND ACCESS

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, if any, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or in the case of drainage easements, which may change or impede the direction of flow of water through drainage channels in such easements. The easement area of each Lot, if any, and all improvements in such area shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible. Neither Declarant nor any utility company using the easements herein or referred to shall be liable for any damage done by them or their assigns, agents, employees or servants to shrubbery, streets or flowers or other property of the Owners situated on the land covered by said easements.

There is hereby created a right of ingress and egress across, over, and under the Properties for the sole purpose of installing, replacing, repairing, and maintaining all facilities for utilities, including, but not limited to, water, sewer, telephone, cable TV, electricity, gas, and appurtenances thereto.

ARTICLE XXIII

WALL, LANDSCAPING, MAINTENANCE, AND OTHER EASEMENTS

(a) Declarant hereby reserves unto itself and its assigns a wall maintenance and landscaping easement, five feet (5') in width, upon Lots 1-16, Block G, Lots 1-10, Block H and along the boundaries of the Bethany Drive, as shown and depicted on Subdivision Plat. Within said wall maintenance and landscaping easement, Declarant and its assigns in writing, shall have the right to construct, reconstruct, clean, repair, and maintain a perimeter and entry fence and entry monuments with such features and signage, if any, as Declarant shall determine, and such plants, vegetation, and landscaping between any fence so constructed and the adjacent right-of-way as Declarant may determine. Declarant and its assigns shall have a general right of access upon such Lots for the purpose of such initial construction and thereafter for the purpose of repair, maintenance, and cleaning of any fence constructed pursuant to the power hereby reserved and for the purpose of maintaining and replacing any landscaping or vegetation lying between any fence so constructed and the adjacent right-of-way. Any fence, wall or monument constructed by Declarant pursuant to the rights herein retained shall be transferred and conveyed to the Association following completion of construction which shall maintain said fence at all times in its original condition, with materials matching its original construction, and shall ensure that the exterior thereof is kept clean and free of all defacing, blemishes, marks, and markings thereon. In the event the Association shall ever fail to promptly make any needed repair, maintenance or cleaning to the fence, or shall fail to properly and neatly maintain the vegetation and landscaping between the fence and right of way, Declarant, its successors and assigns, shall have the right of entry onto said Lots and right to perform such functions at the expense of the Association.

(b) In the event that any Owner fails to maintain his Lot as required herein or in the event of emergency, the Declarant and/or the Association shall have the right but not the obligation to enter upon the Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Property. Entry upon the Lot as provided herein shall not be deemed a trespass, and the Declarant shall not be liable for any damage so created unless such damage is caused by the Declarant's willful misconduct or gross negligence.

(c) Upon filing of the Subdivision Plat, Declarant dedicates to the Association the Common Open Space One, Common Open Space Two, Common Open Space Three, Common Open Space Four, Common Open Space Five, and all other areas indicated as Common Areas and Common Maintenance Areas as identified on the Subdivision Plat or herein. All landscaping within these areas shall be maintained by the Association."

(d) Declarant hereby reserves unto itself and its assigns a fence maintenance and landscaping easement three feet (3') in width along the Lot boundaries which are contiguous to Common Open Space One, Common Space Two or Common Open Space Three. Within said fence maintenance and landscaping easement Declarant and its assigns shall construct a wrought iron fence with a minimum height of four feet (4'). Builder and its assigns shall have the right to reconstruct, clean, repair and maintain a perimeter and entry fence and entry monuments with such features and signage, if any, as Declarant shall determine, and such plants, vegetation, and landscaping between any fence so constructed and the adjacent right-of-way as Declarant may determine. Declarant and its assigns shall have a general right of access upon such Lots for the purpose of repair, maintenance, and cleaning of any fence constructed pursuant to the power hereby reserved and for the purpose of maintaining and replacing any landscaping or vegetation lying between any fence so constructed and the adjacent right-of-way. Any fence, wall or monument constructed by Declarant pursuant to the rights herein retained shall be transferred and conveyed to the Association following completion of construction which shall maintain said fence at all times in its original condition, with materials matching its original construction, and shall ensure that the exterior thereof is kept clean and free of all defacing, blemishes, marks, and markings thereon. In the event the Association shall ever fail to promptly make any needed repair, maintenance or cleaning to the fence, or shall fail to properly and neatly maintain the vegetation and landscaping between the fence and right of way, Declarant, its successors and assigns, shall have the right of entry onto said Lots and right to perform such functions at the expense of the Association.

ARTICLE XXIV

DRAINAGE EASEMENTS

Easements for drainage throughout the subdivision are reserved as shown on the Subdivision Plat. No Owner of any Lot in the subdivision may perform or cause to be performed any act which would alter or change the course of such drainage easements in a manner that would divert, increase, accelerate or impede the natural flow of water over and across such easements. More specifically and without limitation, no Owner or resident of a Living Unit may:

- (1) alter, change or modify the existing natural vegetation of the drainage easements in a manner that changes the character of the original environment of such easements;
- (2) alter, change or modify the existing configuration of the drainage easements, or fill, excavate or terrace such easements, or remove trees or other vegetation therefrom without the prior written approval of the ACC and the City of Allen's City Engineer;
- (3) construct, erect or install a fence or other structure of any type or nature within or upon such drainage easements;
- (4) permit storage, either temporary or permanent, of any type upon or within such drainage easements; or
- (5) place, store or permit to accumulate trash, garbage, leaves, limbs or other debris within or upon the drainage easements, either on a temporary or permanent basis.

The failure of any Owner to comply with the provisions of this Article shall in no event be deemed or construed to impose liability of any nature on the ACC and/or Declarant, and such Committee and/or Declarant shall not be charged with any affirmative duty to police, control or enforce such provisions. The drainage easements provided for in this Article shall in no way affect any other recorded easement in the subdivision.

ARTICLE XXV

GARAGES

A garage able to accommodate at least two (2) full-sized automobiles must be constructed and maintained as a garage, for each Living Unit. Each driveway must accommodate two vehicles in front of the garage for off-street parking requirements. Rear detached garages shall be permitted provided they are constructed in compliance with the requirements of these covenants.

ARTICLE XXVI

MAXIMUM HEIGHT

No building or structure erected, altered or placed on, within or in the Properties shall exceed thirty-five feet (35') in height (measured from the top of the foundation to the topmost part of the roof) nor be more than two and one-half (2 ½) stories in height, provided however, that all applicable ordinances, regulations, and statutes with respect to the maximum height of buildings and structures shall, at all times, be complied with.

ARTICLE XXVII

ADDITIONS

Additional properties may be annexed to the jurisdiction of the Association through the execution and filing of a Declaration of Restrictive Covenants, which shall extend the general scheme of the covenants and restrictions of this Declaration to such property and which shall reflect the consent of the Declarant to such property and which shall reflect the consent of the Declarant or the Association to such annexation. Said Declaration may contain such modifications as are necessary to reflect the different character of the added properties.

ARTICLE XXVIII

ENFORCEMENT

If the Owner of any Lot, or its heirs, executors, administrators, successors, assigns or tenants, shall violate or attempt to violate any of the restrictions and covenants set forth in this Declaration, it shall be lawful for the Association, Declarant, or any Owner subject to this Declaration, to prosecute any proceedings against the person or persons violating or attempting to violate any such restrictions and covenants. The failure of any Owner or tenant to comply with any restriction or covenant will result in irreparable damage to Declarant and other Owners of Lots in the Subdivision; thus the breach of any provision of this Declaration may not only give rise to an action for damages at law, but also may be enjoined or may be subject to an action for specific performance in equity in any court of competent jurisdiction. In the event an action is instituted to enforce the terms hereof or prohibit violations hereof, and the party bringing such action prevails, then in addition to any other remedy herein provided or provided by law, such party shall be entitled to recover court costs and reasonable attorney's fees. The Architectural Control Committee, Association, and/or Declarant shall not be charged with any affirmative duty to police, control or enforce the terms of this Declaration and these duties shall be born by and be the responsibility of Lot Owners.

ARTICLE XXIX

SECURITY

Security may be provided by the Association, from time to time; however, the Association is not now a provider of security, and the Owners must provide their own security for their home and property.

ARTICLE XXX

ATHLETIC FACILITIES

Basketball goals, or backboards, or any other similar sporting equipment of either a permanent or temporary nature shall not be placed within ten feet (10') from the front property line of any Lot or the side lot lines of corner lots in the Subdivision without the prior written consent of the ACC. All basketball backboards shall be of a clear, see-through material and all supporting poles and stanchions shall be painted either black or dark hunter green.

ARTICLE XXXI

MEMBERSHIP IN THE ASSOCIATION

Every person or entity who is a record Owner of a free or undivided interest in any Lot which is subject to the jurisdiction of and to assessment by the Association shall be a member of the Association, provided, however, that any person or entity holding an interest in any such Lot or Lots merely as security for the performance of an obligation, shall not be a member.

ARTICLE XXXII

VOTING RIGHTS

The Association shall have two classes of voting membership.

Class A. Class A Members shall be all those owners as defined in Article XXXI above with the exception of Declarant. Class A members shall be entitled to one vote for each lot in which they hold the interest required for membership by Article XXXI. When more than one person holds such interest or 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 such Lot.

Class B. Class B Members shall be Declarant and Builder Members. The Class B Members shall be entitled to three votes for each Lot in which they hold the interest required by Article XXXI above, provided that the Class B membership shall cease and become converted to Class A membership on the happening of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in Class A membership equal the total votes outstanding in the Class B membership; or
- (b) January 1, 2010.

From and after the happening of these events, whichever occurs earlier, the Class B member shall be deemed to be a Class A member entitled to one vote for each Lot in which it holds the interest required for membership.

All voting rights of an Owner may be suspended by the Board of Directors during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to Article XXXII or is otherwise in default thereunder or under the Bylaws or Rules and Regulations of the Association.

ARTICLE XXXIII

COVENANTS FOR MAINTENANCE ASSESSMENTS

Declarant, for each Lot owned by it within the Properties, hereby covenants, and each Owner of a Lot, by acceptance of a deed thereto, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together

with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time the obligation accrued.

The assessments levied by the Association shall be used for the purpose or promoting the recreation, health, safety and welfare of the Members, and in particular, for the improvement, maintenance and operation of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Properties by the members.

The annual assessments for both improved and unimproved Lots shall be determined by the Board of Directors in the manner provided for herein after determination of current maintenance costs and anticipated needs of the Association during the year for which the assessment is being made and ~~the annual assessments for unimproved Lots shall be one-fourth (1/4) the annual assessment for improved Lots.~~ Until January 1, 2002, the annual assessment for improved lots shall not exceed \$360.00. From and after January 1, 2002, the maximum annual assessment which may be imposed by the Board of Directors, without membership vote, shall be an amount equal to ten percent (10%) above the prior year's annual assessment. ~~It shall be deemed to be an "improved Lot" when construction of a Living Unit thereon is completed and closing of a sale thereof has taken place, or when the Living Unit is occupied as a residence, whichever first occurs.~~

In addition to the annual assessments provided for above, the Association may levy, in any assessment year, a Special Assessment on improved Lots only, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement on or which is a part of the Common Facilities, or for such other lawful purpose related to the use of the Properties as the Board of Directors or the Owners may determine, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the improved Lot owners who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all improved Lot owners at least thirty (30) days in advance and shall set for the purpose of the meeting.

Subject to the limitations stated above, the annual assessment may be adjusted by majority vote of the Board of Directors but shall not be increased by more than ten percent (10%) above that of a previous year with a vote of the membership. Any increase in the annual assessment of more than ten percent (10%) above that of a previous year shall require approval of two-thirds (2/3) vote of each class of Members voting at a meeting duly called for that purpose.

The quorum required for any action authorized herein above shall be as follows: Written notice of any meeting called for the purpose of taking any action authorized herein shall be sent to all members, or delivered to their residences, not less than thirty (30) days in advance of the meeting. At the first meeting called as provided above, the presence at the meeting of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that such reduced quorum requirement shall not be applicable to any such subsequent meeting held more than sixty (60) days following the preceding meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

The annual assessments provided for herein shall commence on the first day of the month following the first Lot conveyance by Declarant, or such other date as the Board of Directors shall direct. The assessments for each calendar year shall become due and payable and shall be collected as the Board of Directors of the Association shall determine. The amount of the annual assessment shall be an amount which bears the same relationship to the annual assessment provided for above as the remaining number of months in that year bear to twelve. ~~When a Lot becomes an improved Lot, there shall be payable as of the first day of the month following the month when it becomes an improved Lot a sum equal to the difference between the annual assessment for unimproved Lots and the annual assessment for improved Lots prorated over the balance of the year then remaining.~~ The due date of any special assessment under the provisions hereof shall be fixed in the resolution authorizing such assessment.

In December of each year, beginning December, 1999, the Board of Directors of the Association shall fix the amount of the annual assessment against each Lot for the following year and shall at that time prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner on reasonable notice. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing, signed by an officer of the Association, setting forth whether said assessment has been paid.

Effect of Non-Payment of Assessments: The Lien; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve (12) percent per annum. Upon written notice to an Owner, and the expiration of thirty (30) days, the Association may bring an action at law against the Owner personally obligated to pay the same, and to foreclose the Association's lien against the Owner's Lot. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including non-judicial or judicial foreclosure by an action brought in the name of the Association, the power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other Lot Owners. No Owner shall be freed of liability for any assessments provided for herein by virtue of non-use of Common Area, or non-existence of Common Area.

In addition to the foregoing charges for delinquent accounts, each owner shall be obligated to pay to the association all actual costs of collection incurred by the Association and such reasonable late charges and collection charges as the Board of Directors may establish, all of which shall also be subject to the liens of the Association.

Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Lots subject to assessment, provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale or transfer of such Lot pursuant to a decree of foreclosure, non-judicial foreclosure, or conveyance in lieu of foreclosure or in satisfaction of mortgage debt. Such sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

Exempt Property. The charges and liens created herein shall apply only to the Lots, and the remainder of the Properties shall not be subject thereto.

ARTICLE XXXIV

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

Maintenance Fund. The Board, for the benefit of the Owners, shall establish and maintain a maintenance fund into which shall be deposited the annual assessments collected from Owners and which maintenance fund shall be used, without limitation, for the payment of the following:

- (a) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Owners, if any.
- (b) Care and preservation of the Common Maintenance Area.
- (c) The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board of Directors, (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon ninety (90) days prior written notice to the managing party) and the services of such other personnel as the Board of Directors or by the manager.
- (d) Legal and accounting services.

(e) A policy or policies of insurance insuring the Association, its Directors, and Officers against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors.

(f) Workers compensation insurance to the extent necessary to comply with any applicable laws.

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

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

(i) Perpetual maintenance and enhancement of any recreational facility, wall, grounds, landscaping, lights, irrigation system, entry monuments, signs, or other Common Facilities owned or maintained by the Association.

Powers and Duties of Board: The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the Bylaws of the Association:

(a) To execute all declarations of ownership for tax assessment purposes and with regard to the Common Areas, if any, on behalf of all Owners.

(b) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board sees fit.

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

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

(e) To make reasonable rules and regulations for the operation of the Common Areas and to amend them from time to time; provide that, any rule or regulation may be amended or repealed by an instrument signed by a majority of the Owners, or with respect to a rule applicable to less than all of the Common Areas, by the Owners in the portions affected.

(f) To make available for inspection by Owners within sixty (60) days after the end of each year an annual report and to make all books and records of the Association available for inspection by Owners at reasonable times and intervals.

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

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

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

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

The Board, on behalf of the Association, shall have full power and authority to contract with any Owner or other person or entity for the performance by the Association of services

which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

ARTICLE XXXV

TITLE TO COMMON AREAS

All Common Area within the Properties shall be conveyed to the Association free of lien prior to the conveyance of the first Lot by the Declarant. The Association shall own all Common Areas in fee simple and assume all maintenance obligations with respect to any Common Areas which may be hereafter established. Nothing contained herein shall create an obligation on the part of Declarant to establish any Common Area.

From and after the date on which title to any Common Area vests in the Association, the Association shall purchase and carry a general comprehensive public liability insurance policy for the benefit of the Association and its members, covering occurrences on the Common Areas. The policy limits shall be determined by the Board of Directors of the Association. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability endorsements or other appropriate provisions for the benefit of members, Directors and the management company retained by the Association (if any), insuring each against liability to each other insured as well as third parties. Any proceeds of insurance policies owned by the Association shall be received, held in a segregated account and distributed to the Association's general operating account, members, Directors, the management company and other insureds, as their interests may be determined.

The Association shall not convey or mortgage any Common Area without the consent of two-thirds (2/3rds) or more of the Lot Owners.

ARTICLE XXXVI

AMENDMENT

This Declaration shall remain in force and effect until January 1, 2010, at which time, and each tenth anniversary thereafter, this Declaration shall be renewed for a period of ten years unless two-thirds (2/3rds) of the Owners of Lots shall file a written agreement to abandon same. This Declaration may be amended by written instrument executed by the Owners of two-thirds (2/3rds) or more of the Lots, provided that no amendment prior to January 1, 2010, shall be effective until approved and executed by Declarant and filed of record in the Official Public Records of Real Property of Collin County, Texas. Notwithstanding the foregoing Declarant shall have the right to file an amendment to this Declaration, without the necessity of joinder by any other Owner of Lots, or any interest therein, for the limited purposes of correcting a clerical error, clarifying an ambiguity, removing any contradiction in the terms hereof, or for the purpose of making such additions or amendments hereto.

ARTICLE XXXVII

GOVERNMENTAL REQUIREMENTS

Section 1. Additional Obligations of Builders and Contractors. By acceptance of a deed to a Lot, or initiating construction of a residence or improvements to a Lot, each Builder Member and contractor assumes responsibility for complying with all certifications, permitting, reporting, construction, and procedures required under all applicable governmental rules, regulations, and permits, including, but not limited to those promulgated or issued by the Environmental Protection Agency and related to Storm Water Discharges from Construction Site (see Federal Register, Volume 57, No. 175, Page 41176 et seq.), and with the responsibility of ascertaining and complying with all regulations, rules, rulings, and determinations of the Texas Natural Resources Commission (TNRC), related to each Lot, including, without limitations, the provisions of chapters 325 and 331, Texas Administrative Code, and any specific rulings made pursuant to the terms thereof. The foregoing references are made for the benefit of builders and contractors and do not in way limit the terms and requirements of this covenant and the requirement that all Builder Members and contractors comply with all governmental regulations, and any plan required by such regulations such as a Storm Water Pollution Plan, affecting each

Lot and construction site with which they are associated, including delivery to Declarant of a certification of understanding relating to any applicable NPDES permit prior to the start of construction. Each Builder Member and contractor, by acceptance of a deed to a Lot or undertaking the making of improvements to a Lot, holds harmless and indemnifies Declarant cost, loss, or damage occasioned by the failure to abide by any applicable governmental statute, rule, regulation or permit related to the Properties.

Section 2. Remedies of Declarant and the Association. By acceptance of a deed to a Lot, each Builder Member and Owner agrees that Declarant and the Association shall have the right to enter upon any Lot on which one or more conditions or activities prohibited by appropriate governmental authority, for the purpose of curing any such violations, provided that the Owner or Builder Member has been given give days prior written notice and has failed to remedy the complained of violation within such time, and each such Owner and Builder Member indemnifies and holds harmless Declarant and the Association from all cost and expense of such curative action and any cost or expense of penalty or fine levied by any governmental authority as a result of the act or failure to act of the Owner or Builder Member with respect to his Lot or the Properties. The foregoing remedy shall be cumulative of all other remedies for violations of provisions of these covenants.

ARTICLE XXXVIII

GOVERNING LAW

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. ALL ACTS REQUIRED OR PERMITTED TO BE PERFORMED HEREUNDER ARE PERFORMABLE IN COLLIN COUNTY, TEXAS AND IT IS AGREED THAT ANY ACTION BROUGHT TO ENFORCE OR CONSTRUCT THE TERMS OF PROVISIONS HEREOF OR TO ENJOIN OR REQUIRE THE PERFORMANCE OF ANY ACT IN CONNECTION HERewith SHALL BE BROUGHT IN A COURT OF COMPETENT JURISDICTION SITTING IN COLLIN COUNTY, TEXAS.

ARTICLE XXXIX

INTERPRETATION

If this Declaration or any word, clause, sentence, paragraph, or other part thereof shall be susceptible or more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration shall govern.

ARTICLE XL

OMISSIONS

If any punctuation, work, clause, sentence, or provision necessary to give meaning, validity, or effect to any other word, clause, sentence or provision appearing in this Declaration shall be omitted herefrom, then it is hereby declared that such omission was unintentional and that the omitted punctuation, work, clause, sentence or provision shall be supplied by inference.

ARTICLE XLI

GENDER AND GRAMMAR

The singular, whenever used herein, shall be construed to mean the plural, when applicable, and the necessary grammatical changes required to make the provisions here apply either to corporations or individuals, males or females, shall in all cases be assumed a though in each case fully expressed.

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

In the event of conflict between the terms of this Declaration and any Bylaws, rules, regulations or Articles of Incorporation of the Association, this Declaration shall control.

ARTICLE XLII

ADDITIONAL INFORMATION

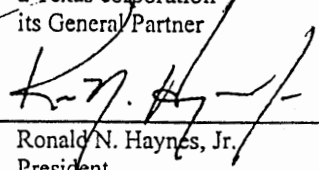
Architectural Design Guidelines for the subdivision, Rules and Regulations of the Association, and the other documents and information which may affect an Owner, prospective Owner, Builder Member, or contractor for improvements to a Lot are maintained at the offices of the Association and Declarant at the address shown below. Each Owner and prospective Owner is advised to carefully examine each of such documents in addition to these Restrictions to determine his rights and obligations.

EXECUTED effective the 19th day of August, 1999.

DECLARANT:

ALLEN-REID, LTD., a
Texas limited partnership

By: RNH Development Company,
a Texas corporation
its General Partner

By: 

Ronald N. Haynes, Jr.
President

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me on the ____ day of _____, 1999, by Ronald N. Haynes, Jr., President of RNH Development Company, a Texas corporation, General Partner of Allen-Reid, Ltd., a Texas limited partnership, on behalf of said corporation and partnership.

Notary Public, State of Texas

AFTER RECORDING RETURN TO:

M. Matthew Fontane
Locke Liddell & Sapp LLP
2001 Ross Avenue, Suite 3000
Dallas, Texas 75201

EXHIBIT A

WHEREAS, ALLEN-REID, LTD., ALLEN INDEPENDENT SCHOOL DISTRICT, and B. EARL MERRELL, TRUSTEE, are the owners of 48.879 acre tract of land situated in the City of Allen, Collin County, Texas, a part of the D. B. HEARNE SURVEY, ABSTRACT NO. 427, and being a part of that 61.863 acre tract of land conveyed to Allen-Reid, Ltd. as recorded in Volume 4364, Page 2029, Collin County Deed Records, and being part of that 15.304 Acre tract of land conveyed to Allen Independent School District as Recorded in Volume 4364, Page 2036, Collin County Deed Records, and also being all of that 1.972 acre tract of land conveyed to B. Earl Merrell, Trustee as recorded in Volume 4364, Page 2091, Collin County Deed Records, and being further described as follows:

BEGINNING at P.K. nail set at the northwest corner of said 61.863 acre tract of land, said point being in the center of Bethany Road, said point being the most northerly northeast corner of the Villages at Maxwell Creek, Phase One, an addition to the City of Allen as recorded in Cabinet K, Page 912, Collin County Plat Records;

THENCE South 89 degrees 52 minutes 46 seconds East, 1219.61 feet along the north line of said 61.863 acre tract of land and along the centerline of Bethany Road to a P.K. nail set for corner in the west line of Farm-to-Market Highway No. 2551 (a 90 foot wide right-of-way);

THENCE along the west line of Farm-to-Market Highway No. 2551 as follows:

South 00 degrees 04 minutes 10 seconds East, 18.50 feet to a wooden right-of-way-marker found for corner;

South 45 degrees 24 minutes 35 seconds East, 70.76 feet to a 1/2 inch iron rod set for corner;

South 00 degrees 22 minutes 10 seconds East, 1434.59 feet to a 5/8 inch iron rod found for corner;

South 00 degrees 00 minutes 11 seconds West, 609.40 feet to a 1/2 inch iron rod found at the southeast corner of said 61.863 acre tract of land, said point being in the north line of a 191.799 acre tract of land conveyed to Dawnell Shelley as recorded in Volume 3841, Page 480, Collin County Deed Records;

THENCE South 89 degrees 08 minutes 17 seconds West, 1268.47 feet along the north line of said 191.789 acre tract of land to a fence corner post found at the southwest corner of said 61.863 acre tract of land, said point also being the southeast corner of a tract of land conveyed to Sowell Property Partners-Allen, L.P. as recorded in Volume 4244, Page 3617, Collin County Deed Records;

THENCE North 00 degrees 17 minutes 35 seconds West, 30.00 feet along the east line of said Sowell Property tract and along the west line of said 61.863 acre tract to a 1/2 inch iron rod set for corner;

THENCE North 09 degrees 08 minutes 17 seconds East, 786.72 feet to a 1/2 inch iron rod set for corner;

THENCE North 00 degrees 23 minutes 36 seconds West, 359.29 feet to a 1/2 inch iron rod set for corner;

THENCE Northwesterly, 427.06 feet along a curve to the left which has a central angle of 44 degrees 53 minutes 49 seconds, a radius of 545.00 feet, a tangent of 225.17 feet, and whose chord bears North 22 degrees 50 minutes 31 seconds West, 416.22 feet to a 1/2 inch iron rod set for corner;

THENCE Northwesterly, 145.30 feet along a curve to the right which has a central angle of 10 degrees 20 minutes 30 seconds, a radius of 805.00 feet, a tangent of 72.85 feet, and whose chord bears North 40 degrees 07 minutes 10 seconds West, 145.10 feet to a 1/2 inch iron rod set for corner;

THENCE Southwesterly, 48.40 feet along a curve to the left which has a central angle of 04 degrees 15 minutes 59 seconds, a radius of 650.00 feet, a tangent of 24.21 feet, and whose chord bears South 55 degrees 18 minutes 40 seconds West, 48.39 feet to a 1/2 inch iron rod set for corner;

THENCE Southwesterly, 483.01 feet along a curve to the right which has a central angle of 36 degrees 30 minutes 23 seconds, a radius of 758.08 feet, a tangent of 250.02 feet, and whose chord bears South 70 degrees 53 minutes 06 seconds West, 474.88 feet to a 1/2 inch iron rod set for corner;

THENCE South 89 degrees 08 minutes 17 seconds West, 44.09 feet to a 1/2 inch iron rod set for corner in the west line of said 61.863 acre tract of land, said point being in the east line of said Phase One;

THENCE North 00 degrees 17 minutes 35 seconds West, 1421.85 feet along the west line of said 61.863 acre tract of land and along the east line of said Phase One to the POINT OF BEGINNING and containing 2,129,173 square feet or 48.879 acres of land.

Arbor Lakes Addition
HOMEOWNERS ASSOCIATION
P.O. BOX 191947 DALLAS, TEXAS 75219-1947
TEL: 214 871 9700 FAX: 214 871 0355

STATE OF TEXAS

COUNTY OF COLLIN

THIS RESOLUTION TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ARBOR LAKES ADDITION (the "Resolution") is executed to be effective as of the 18th day of March, 2003 by Allen-Reid, Ltd. A Texas limited partnership (hereinafter referred to as "Declarant"):

WITNESSETH:

WHEREAS, Declarant is the Declarant under that certain Declaration of Covenants, Conditions and Restrictions for Arbor Lakes Addition (the "Declaration") dated August 19, 2000, recorded under Clerk's File No. 2000-0103958 in the Real Property Records, Collin County, Texas, affecting certain real property more particularly described in the Declaration, reference to which is hereby made for all purposes (the "Property"). Terms which are defined in the Declaration shall have the same meanings when used herein.

WHEREAS, Declarant desires to execute this Resolution for the purpose of assigning the declarantship in accordance with the terms and conditions set forth herein.

WHEREAS, Article II, Section G defines declarant as Allen-Reid, Ltd., its successors or assigns who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

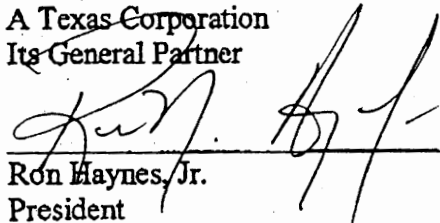
THEN, it is hereby resolved that as Allen-Reid, Ltd., shall assign the declarantship to First Texas Homes, and the signatures below reflect acceptance of said declarantship.

EXECUTED to be effective as of the day and year first above written.

DECLARANT:

Allen-Reid, Ltd., A
Texas limited partnership

By: RNH Development Company
A Texas Corporation
Its General Partner


Ron Haynes, Jr.
President

DECLARANT'S ASSIGNS:

First Texas Homes
2221 E. Lamar, Ste. 960
Arlington, Texas 76006

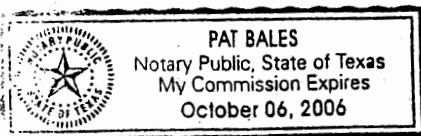

Randall Van Wolfswinkle

THE STATE OF TEXAS §
§
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 18th day of March, 2003, by Ronald N. Haynes, President of RNH DEVELOPMENT COMPANY, a Texas corporation.



Notary Public, State of Texas



AMENDMENTS

FILE STAMP

FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ARBOR LAKES ADDITION

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ARBOR LAKES ADDITION (this "Amendment") was made and entered this 15th day of MAY, 2001 by ALLEN-REID, L.P., a Texas limited partnership ("Declarant").

RECITALS:

A. Declarant executed that certain Declaration of Covenants, Conditions and Restrictions for Arbor Lakes Addition (the "Declaration") and caused the Declaration to be recorded in the Real Property Records of Collin County, Texas at Volume 04759, Page 01219.

B. The Declaration covered and affected that certain approximate 48.879-acre tract described on Exhibit A to the Declaration (the "Property"), being the same property described in that certain Plat of Arbor Lakes Addition, recorded in Volume L, Page 715 of the Deed and Plat Records of Collin County, Texas (the "Subdivision Plat").

C. Through inadvertence and error, the Property described in the Declaration and subjected to the covenants, conditions and restrictions of the Declaration, included an approximate 1.528-acre parcel zoned for retail use, being more particularly described on Exhibit A to this Amendment and the same parcel described as Lot 25, Block G on the Subdivision Plat (the "Retail Parcel").

D. HTJ&C Trust is, and was at the time the Declaration was recorded, the owner of the Retail Parcel, and did not join in the Declaration or otherwise consent to subjecting the Retail Parcel to the Declaration.

E. Declarant did not have the authority, and did not intend, to subject the Retail Parcel to the Declaration and now desires to amend the Declaration to remove the Retail Parcel from the Property covered by the Declaration.

NOW, THEREFORE, Declarant, pursuant to the authority granted in Article XXXVI of the Declaration to amend the Declaration, without the necessity of joinder by any other Owner of Lots, for the purpose of correcting errors, does hereby amend the Declaration as follows:

1. Removal of Retail Parcel. The Retail Parcel is hereby removed from the Property covered by the Declaration, and shall no longer be subject to the covenants, conditions and restrictions provided therein.

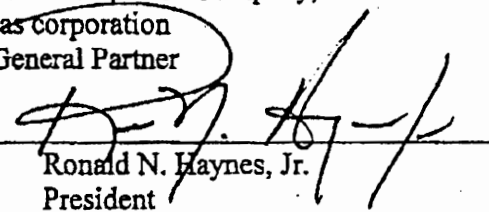
2. Ratification. Except as provided otherwise in this Amendment, the Declaration shall continue in full force and effect in accordance with its terms.

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File Name: <u>167-First Amend to CCRS-</u>	
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3. Defined Terms. Terms defined in the Declaration shall have the same meaning when used in this Amendment.

ALLEN-REID, LTD., a
Texas limited partnership

By: RNH Development Company, a
Texas corporation
Its General Partner

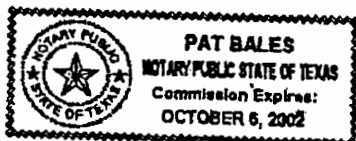
By: 
Ronald N. Haynes, Jr.
President


STATE OF TEXAS

COUNTY OF DALLAS

§
§
§

This instrument was acknowledged before me this 9th day of May, 2001, by Ronald N. Haynes, Jr., President of RNH Development Company, a Texas corporation, in its capacity as general partner of Allen-Reid, Ltd., a Texas limited partnership, on behalf of said corporation and limited partnership.




Notary Public in and for
The State of Texas

Printed Name: Pat Bales

My Commission Expires: 10-6-2002

Exhibit B—Description of Retail Parcel

retail corner legal description

Exhibit "A"

LEGAL DESCRIPTION
LOT 25, BLOCK G
ARBOR LAKES ADDITION

BEING all that tract of land in the City of Allen, Collin County, Texas, a part of the D. B. HEARNE SURVEY, ABSTRACT NO. 427, and being all of Lot 25, Block G, as shown on the final plat of Arbor Lakes Addition, an addition to the City of Allen, as recorded in Cabinet L, Page 715, Collin County Plat Records, and being further

described as follows:

BEGINNING at a 1/2 inch iron rod found at the northeast corner of said Lot 25, said point being intersection of the south line of Bethany Drive (a variable width right-of-way) with the west line of Farm-to-Market Highway No. 2551 (a variable width right-of-way);

THENCE South 00 degrees 23 minutes 36 seconds East, 225.00 feet along the west line of Farm-to-Market Highway No. 2551 and along the east line of said Lot 25 to a 1/2 inch iron rod found for corner;

THENCE South 02 degrees 04 minutes 21 seconds East, 83.12 feet along the west line of Farm-to-Market Highway No. 2551 to a 1/2 inch iron rod found at the southeast corner of said Lot 25, said point being the northeast corner of Lot 10, said Block G;

THENCE South 89 degrees 37 minutes 50 seconds West, 217.57 feet to a 1/2 inch iron rod found at the southwest corner of said Lot 25, said point being the northwest corner of Lot 12, said Block G, said point being in the east line of a 16 foot wide alley right-of-way;

THENCE North 00 degrees 22 minutes 10 seconds West, 309.93 feet along the east line of said alley to a 1/2 inch iron rod found at the northwest corner of said Lot 25, said point being in the south line of Bethany Drive;

THENCE South 89 degrees 52 minutes 46 seconds East, 215.01 feet along the south line of Bethany Drive and along the north line of said Lot 25 to the POINT OF BEGINNING and containing 66,559 square feet or 1.528 acres of land.

**FIRST AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR ARBOR LAKES ADDITION**

STATE OF TEXAS

COUNTY OF COLLIN

THIS FIRST AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ARBOR LAKES ADDITION is executed to be effective as of the 1st day of June 2002 by Allen-Reid, Ltd., a Texas limited partnership (hereinafter referred to as "Declarant"):

WITNESSETH:

A. Declarant is the Declarant under that certain Declaration of Covenants, Conditions and Restrictions for ARBOR LAKES ADDITION (the "Declaration") dated August 19, 2000, recorded under Clerk's File No. 2000-0103958 in the Real Property Records, Collin County, Texas, affecting certain real property more particularly described in the Declaration, reference to which is hereby made for all purposes (the "Property"). Terms which are defined in the Declaration shall have the same meanings when used herein.

B. Declarant shall have the right to file an amendment to this Declaration, without the necessity of joinder by any other Owner of Lots, or any interest therein, for the limited purposes of correcting a clerical error, clarifying an ambiguity, removing any contradiction in the terms hereof, or for the purpose of making such additions or amendments hereto.

C. As of the date of execution and filing hereof, 544-Allen-Reid, Ltd., is the Declarant and has the full right, title and authority to make and execute this Amendment.

D. Declarant desires to execute this Amendment for the purpose of amending the Declaration in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Declarant hereby amends the Declaration as follows:

1. The third sentence of the first paragraph under ARTICLE VIII is hereby deleted in its entirety and the following substituted therefore:

All fences shall be all wood composed of one inch by three and one half inches (1" X 3.5"), six feet (6') or eight feet (8') tall, notched vertical planks. In the event that any fence intersects (the "Intersecting Fence") with any fence that is of a lower height, the Intersecting Fence shall be decreased in height, at a steady rate, over the last ten feet in length of such Intersecting Fence before it intersects with the lower fence so that there is a smooth transition from the higher level down to the lower level.

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File Name: 167-First Amend to CCRS-
Rec: 2002-00856910

2. ARTICLE VIII is amended to include the following:

Parallel or double fences are not permitted.

Fences may not be painted or stained, however a clear finish that does not add color to the wood may be used.

3. ARTICLE XII shall be amended to include the following paragraph:

If, at any time, and from time to time, an Owner shall fail to control weeds, grass or unsightly growth exceeding eight (8) inches in height, Declarant shall have the authority and right, and after Declarant no longer owns a Lot, the Association shall have the right to go onto such Lot, or direct a third (3rd) party service to go onto such Lot, for the purpose of mowing and cleaning such Lot and shall have the authority and right to assess and collect from the Owner of such Lot the reasonable costs incurred in connection with such mowing or cleaning.

4. The first sentence of the first paragraph of ARTICLE XIV shall be deleted in its entirety and replaced with the following:

No trailer, motor home, tent, boat, recreational vehicle, travel trailer, any truck larger than a three-quarter (3/4) ton pick-up, or wrecked, junked or wholly inoperable vehicle shall be kept, parked, stored or maintained on any Lot unless stored, placed or parked within the garage of the appropriate owner or concealed from view from common properties and public streets.

5. The third sentence of ARTICLE VI shall be deleted in its entirety and replaced with the following:

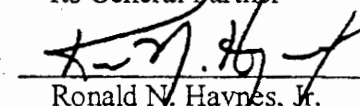
In no instance shall an outbuilding exceed eight (8) feet in height at its highest point, or exceed one hundred twenty (120) square feet in size.

EXECUTED to be effective as of the day and year first above written.

DECLARANT:

544-Allen-Reid, Ltd. A
Texas limited partnership

By: RNH Development Company,
A Texas Corporation
Its General Partner

By: 
Ronald N. Haynes, Jr.
President

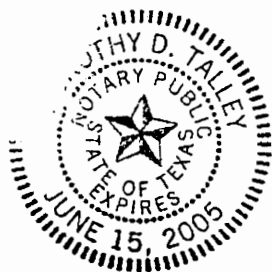
INDIVIDUAL (S) ACKNOWLEDGEMENT

STATE OF TEXAS, Collin County

This instrument was acknowledged before me on 6-12-02, by
Ronald N. Haynes, Jr.

Dorothy D. Talley
Notary Public

Dorothy D. Talley
Printed Name of Notary Public



**COVENANT ENFORCEMENT
AND / OR
FINING POLICY**

ARBOR LAKES ADDITION HOMEOWNERS ASSOCIATION, INC.**COVENANT ENFORCEMENT POLICY**

WHEREAS, the Board of Directors of Arbor Lakes Addition Homeowners Association, Inc. (the "Association") finds there is a need to establish orderly procedures for the enforcement of the restrictive covenants set forth in the Declaration of Covenants, Conditions and Restrictions for Arbor Lakes Addition and Provisions for Arbor Lakes Addition Homeowners Association, as amended from time to time (the "Declaration").

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the enforcement of the restrictive covenants of the Declaration and for the elimination of violations of such provisions found to exist in, on and about the Lots within Arbor Lakes and the same are to be known as the "Covenant Enforcement Policy" (to be referred to herein as the "Enforcement Policy") of the Association in the discharge of its responsibilities for determination and enforcement of remedies for violations within Arbor Lakes:

1. **Establishment of Violation.** Any condition, use, activity or improvement which does not comply with the provisions of the Declaration, Bylaws or the rules and regulations of the Association, shall constitute a "Violation" under this Policy for all purposes.

2. **Report of Violation.** The existence of a Violation will be verified by a field observation conducted by the Board or its delegate. For the purpose of this Enforcement Policy, the delegate of the Board may include Management, an officer or member of the Board, or a member of the Architectural Control Committee, or a member of any other committee established by the Board for this purpose. A timely written report shall be prepared by the field observer for each Violation which will include the following information:

- a. Identification of the nature and description of the Violation(s).
- b. Identification by street address and legal description, if available, of the Lot on which the Violation exists.
- c. Date of the verification observation and name of the person making such observation.

At the same time that the field observation report is prepared, the Board or its delegate may forward to the Owner of the Lot in question written notice via regular first-class mail or via postcard of the discovery of a Violation(s) (the "Courtesy Notice"). The Owner will have at least ten (10) days from the date of the Courtesy Notice to correct or eliminate the Violation(s). The Board or its delegate may, in lieu of this notice, proceed immediately to the notice set forth in Paragraph 3 below.

3. **Notice of Violation.** If the Violation is not corrected or eliminated within the time period specified in the Courtesy Notice, or if the Board or its delegate deem it appropriate to proceed without the Courtesy Notice, the Association will forward to the Owner of the Lot in question written notice of the Violation(s) by regular first-class mail or personal delivery and by

certified mail, return receipt requested (the "Notice of Violation"). A Notice of Violation is not required if the alleged violator received a Notice of Violation relating to a similar Violation within six (6) months of the current Violation and was given a reasonable opportunity to cure the prior Violation. In such event, the Board may impose sanctions as authorized by the Declaration and/or this Enforcement Policy without notice to the Owner other than the Final Notice of Violation described in Paragraph 4 below. The Notice of Violation, if required, will state the following:

- a. The nature, description and location of the Violation, including any property damage caused by the Owner.
- b. The authority for establishing the Violation, including the authority for recovering property damages caused by the Owner.
- c. The proposed sanction to be imposed, including the amount claimed to be due from the owner for property damage.
- d. If the Violation is corrected or eliminated within a reasonable time after the Owner's receipt of the Notice of Violation that the Owner's right to use the Common Areas will not be suspended and that no further action will be taken.
- e. The recipient may, on or before thirty (30) days from the receipt of the Notice of Violation, deliver to the Association a written request for a hearing.
- f. If the Violation is not corrected or eliminated within the time period specified in the Notice of Violation, or if a written request for a hearing is not made on or before thirty (30) days from the receipt of the Notice of Violation, that the sanctions delineated in the Notice of Violation may be imposed and that any attorney's fees and costs will be charged to the Owner.
- g. If a hearing is timely requested and is held before a delegate of the Board, that the Owner may appeal the decision of the delegate to the Board.

4. Final Notice of Violation. A formal notice of the Violation and the sanction to be imposed, including the amount of any property damage (the "Final Notice of Violation") will be sent by the Association to the Owner by regular first-class mail and by certified mail, return receipt requested, where, within the time period specified in the Notice of Violation, the Violation has not been corrected or eliminated or the Association has not timely received a written request for a hearing.

5. Request for a Hearing. If the Owner challenges the proposed action by timely requesting a hearing, the hearing shall be held in executive session of the Board or its delegate affording the alleged violator a reasonable opportunity to be heard. Such hearing shall be held no later than the 30th day after the date the Board receives the Owner's request for a hearing. Prior to the effectiveness of any sanction hereunder, proof of proper notice of the hearing shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer,

director, agent or delegate who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The notice of the hearing shall be sent no later than the 10th day before the date of the hearing. The Association or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed by the Board or its delegate. The Association shall notify the Owner in writing of its action within ten (10) days after the hearing. The Board may, but shall not be obligated to, suspend any proposed sanction if the Violation is cured within the ten-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Owner.

6. Appeal. Following a hearing before a delegate of the Board, the Owner shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the manager, president or secretary of the Association within ten (10) days after the date of the Association's written notice to the Owner of the results of the hearing. Any hearing before the Board shall be held in the same manner as provided in Paragraph 5 for hearings before a delegate of the Board.

7. Correction of Violation. Where the Owner corrects or eliminates the Violation(s) prior to the imposition of any sanction, no further action will be taken (except for collection of any monies for which the Lot Owner may become liable under this Enforcement Policy and/or the Declaration). Written notice of correction or elimination of the Violation may be obtained from the Board upon request for such notice by the Owner and upon payment of a fee for same, the amount of which is set by the Board.

8. Corrective Action. Notwithstanding any other provision contained herein to the contrary, where a Violation is determined or deemed determined to exist, the Board may undertake to cause the Violation to be corrected, removed or otherwise abated if the Board, in its reasonable judgment, determines the Violation may be readily corrected, removed or abated without undue expense and without breach of the peace. Where the Board decides to initiate any such action, the following will apply:

a. The Board must give the Owner and any third party that is known to the Association to be directly affected by the proposed action prior written notice of undertaking of the action.

b. Costs incurred in correcting or eliminating the Violation will be referred to the Association to be recovered from the Owner.

c. The Association, and its agents and contractors, will not be liable to the Owner or any third party for trespass or any damages or costs alleged to arise by virtue of action taken under this Paragraph 8.

9. Referral to Legal Counsel. Where a Violation is determined or deemed determined to exist and where the Board deems it to be in the best interests of the Association to refer the Violation to legal counsel for appropriate action, the Board may do so at any time. Such legal action may include, without limitation, sending demand letters to the violating Owner.

and/or seeking injunctive relief against the Owner to correct or otherwise abate the Violation. Attorney's fees and all costs incurred by the Association in enforcing the Declaration and administering this Enforcement Policy shall become the personal obligation of the Owner.

10. Notices. Unless otherwise provided in the Enforcement Policy, all notices required by this Enforcement Policy shall be in writing and shall be deemed to have been duly given if delivered personally and/or if sent by United States Mail, first-class postage prepaid and/or if sent by certified mail, return receipt requested postage prepaid, to the Owner at the address which the Owner has designated in writing and filed with the Secretary of the Association or, if no such address has been designated, to the address of the Lot of the Owner.

a. Where the notice is directed by personal delivery, notice shall be deemed to have been given, sent, delivered or received upon actual receipt by any person accepting delivery thereof at the address of the recipient as set forth in such notice or if no person is there, by leaving the notice taped to the front door of the residence.

b. Where the notice is placed into the care and custody of the United States Postal Service, notice shall be presumed to have been given, sent, delivered or received, as of the third (3rd) calendar day following the date of postmark of such notice bearing postage prepaid and the appropriate name and address as required herein unless otherwise shown by the recipient to have been received at a later date.

c. Where a day required for an action to be taken or a notice to be given, sent, delivered or received, as the case may be, falls on a Saturday, Sunday or United States Postal Service holiday, the required date for the action or notice will be extended to the first day following which is neither a Saturday, Sunday or United States Postal Service holiday.

d. Where the Board has actual knowledge that such situation exists, any action to be taken pursuant to this Enforcement Policy which would directly affect the property of a third party or would be the responsibility of a party other than the Owner, notices required under this Enforcement Policy may be given, if possible, to such third party in addition to the Owner. Notwithstanding any notice sent to a third party, the Owner remains the party responsible for compliance with the requirements of the Declaration. The Board shall accept a response from any such third party only upon the written direction of the Owner of the Lot upon which the Violation exists.

e. Where the interests of an Owner in a Lot have been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interest in a Lot has been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Enforcement Policy will be deemed full and effective for all purposes if given to such representative or agent.

f. Where an Owner transfers record title to a Lot at any time during the pendency of any procedure prescribed by this Enforcement Policy, such Owner shall remain personally liable for all costs under this Enforcement Policy. As soon as practical after receipt by the Association of a notice of a change in the record title to a Lot which is the subject of enforcement proceedings under this Enforcement Policy, the Board may begin enforcement

proceedings against the new Owner in accordance with this Enforcement Policy. The new Owner shall be personally liable for all costs under this Enforcement Policy which are the result of the new Owner's failure and/or refusal to correct or eliminate the Violation in the time and manner specified under this Enforcement Policy.

11. Cure of Violation During Enforcement. An Owner may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. Upon verification by written report to the Board and sent, where appropriate, to the Board that the Violation has been corrected or eliminated, the Violation will be deemed no longer to exist. The Owner will remain liable for all costs under this Enforcement Policy, which costs, if not paid upon demand therefor by Management, will be referred to the Board of Directors of the Association for collection.

12. Definitions. The definitions contained in the Declaration and Bylaws are hereby incorporated herein by reference.

IT IS FURTHER RESOLVED that this Covenant Enforcement Policy is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on May 23, 2004, and has not been modified, rescinded or revoked.

DATE: May 23, 2004

Robert C. G.
Secretary

Steven Lake

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Jim D. Musa

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EXHIBIT "A - 4"

EXHIBIT "A - 4"

COLLECTION POLICY

ARBOR LAKES ADDITION HOMEOWNERS ASSOCIATION, INC.**ASSESSMENT COLLECTION POLICY**

WHEREAS, Arbor Lakes Addition Homeowners Association, Inc. (the "Association") has authority pursuant to Article XXXIII of the Declaration of Covenants, Conditions and Restrictions for Arbor Lakes Addition and Provisions for Arbor Lakes Addition Homeowners Association (the "Declaration") to levy assessments against Owners of Lots located within Arbor Lakes, a planned community located in Collin County, Texas (the "Development"); and

WHEREAS, the Board of Directors (the "Board") finds there is a need to establish orderly procedures for the collection of assessments that remain unpaid beyond the prescribed due dates and the application of the payments made by Owners in order to encourage Owners to promptly pay their assessment obligations.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of assessments owing and to become owing by Owners in the Development and the application of payments made by Owners and the same are to be known as the "Assessment Collection Policy" for the Association in the discharge of its responsibilities regarding collection of assessments against Owners and their Lots:

1. **Policy Objectives.** The collection of assessments and application of payments made by Owners pursuant to the Declaration and this Assessment Collection Policy will be governed by the following objectives:

a. The Association will pursue collection of all assessments, including annual assessments and special assessments, for a given fiscal year such that should the recovery of amounts owing by a particular Owner require commencement of legal proceedings, those proceedings will be initiated and concluded as soon as practical.

b. At each step within the collection process, the Board will analyze the facts and circumstances then known concerning a given delinquency to direct collection efforts toward the most expedient course of action.

2. **Ownership Interests.** The person who is the Owner of a Lot as of the date an assessment becomes due is personally liable for the payment of that assessment. Further, the personal liability for unpaid assessments passes to the successors in title to a Lot only if expressly assumed by them. As used herein, the term "Delinquent Owner" refers to that person who held title to a Lot on the date an assessment became due. As used herein, the term "Current Owner" refers to that person who then holds title to a Lot. Unless expressly denoted otherwise, the "Owner" of a Lot refers to the Delinquent Owner or the Current Owner or both, as may be appropriate under the circumstances in question.

3. Due Dates. The due date for the annual assessment is the first day of January of each year. The due date for a special assessment shall be set by the Board, but in no event shall it be less than thirty (30) days after the date the Owner is invoiced therefor. The due date for any assessment shall be collectively referred to in this Assessment Collection Policy as the "Due Date". Any installment of the annual assessment which is not paid in full within (30) days of the Due Date is delinquent and any special assessment which is not paid within thirty (30) days after the Due Date is delinquent (collectively, the "Delinquency Date").

4. Reminder Notice. If an assessment has not been paid on or before the Delinquency Date, the Association will send a second invoice or notice (referred to as the "Reminder Notice") which will include the unpaid assessments, collection fees and interest charges claimed to be due. The Reminder Notice will be sent via first-class United States mail.

5. Default Letter. If an assessment has not been paid within thirty (30) days following the Delinquency Date, the Association will send a notice (referred to as the "Default Letter") to the Owner making formal demand for payment of all outstanding amounts. The Default Letter will be sent via certified mail, return receipt requested, and via first-class United States mail and will, at a minimum, include the following information:

a. The unpaid assessments, late charges, interest, and collection costs claimed to be owing.

b. A statement that if either (i) the delinquency is not cured in full, including all accrued interest and other charges then owing, within thirty (30) days of the date of the Owner's receipt of the Default Letter, or (ii) the Owner does not dispute, in writing, the amounts set forth in the Default Letter within thirty (30) days of the Owner's receipt of the Default Letter, the delinquency will be assumed to be valid and will be referred to the legal counsel for the Association for further collection action including the possibility of seeking foreclosure of the assessment lien, and that once such referral has occurred all attorney's fees and related costs incurred will be charged to the Owner and Lot.

c. A statement that the Owner's voting rights and rights to use the Common Areas will be suspended upon expiration of the thirty-day period described in Paragraph 5(b) unless the delinquency is cured or otherwise resolved.

d. Such other information as may be required by the debt collection statutes to the extent that any such statutes apply.

6. Interest. In the event any assessment, or any portion thereof, is not paid in full on or before the Delinquency Date, interest on the principal amount due may be assessed against the Owner, the rate of said interest to be twelve percent (12%) per annum and shall accrue from the Due Date until paid. Such interest, as and when it accrues hereunder, will become part of the assessment upon which it has accrued and, as such, will be subject to recovery in the manner

provided herein for assessments.

In the event any assessment, or any portion thereof, is not paid in full on or before the Delinquency Date, a late charge in the amount of \$25.00 shall be assessed against the Owner and his or her Lot. The Board may, from time to time, without the necessity of seeking Owner approval, change the amount of the late charge. Such late charge, as and when levied, will become part of the assessment upon which it has been levied and, as such, will be subject to recovery in the manner provided herein for assessments. The Board may, in its sole discretion, waive the collection of any late charge or interest; provided, however, that the waiver of any late charge or interest shall not constitute a waiver of the Board's right to collect any future assessments, late charges or interest.

7. Handling Charges and Return Check Fees. In order to recoup for the Association the costs incurred because of the additional administrative expenses associated with collecting delinquent assessments, collection of the following fees and charges are part of the Assessment Collection Policy:

a. Any handling charges, administrative fees, collection costs, postage or other expenses incurred by the Association in connection with the collection of any assessment or related amount owing beyond the Delinquency Date for such assessment will become due and owing by the Delinquent Owner.

b. A charge of \$25.00 per item will become due and payable for any check tendered to the Association which is dishonored by the drawee of such check, the charge being in addition to any other fee or charge which the Association is entitled to recover from an Owner in connection with collection of assessments owing with respect to such Owner's Lot.

c. Any fee or charge becoming due and payable pursuant to this Paragraph 7 will be added to the amount then outstanding and is collectible to the same extent and in the same manner as the assessment, the delinquency of which gave rise to the incurrence of such charge, fee or expense.

8. Application of Funds Received. All monies received by the Association will be applied to amounts outstanding to the extent of and in the following order unless an Owner has placed a restrictive notation on the check or other form of payment or in correspondence accompanying the payment that a payment is to be applied in another specified manner:

a. First, to interest;

b. Next, to late charges;

c. Next, to handling charges, returned check fees and collection costs incurred by the Association;

d. Next, to attorney's fees and related costs advanced by the attorney for and on behalf of the Association;

e. Next, to delinquent special assessments;

f. Next, to delinquent annual assessments;

g. Next, to outstanding special assessments, though same may not then be delinquent;

h. Last, to outstanding annual assessments, though same may not then be delinquent.

9. Ownership Records. All collection notices and communications will be directed to those persons shown by the records of the Association as being the Owner of a Lot for which assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Association. Any notice or communication directed to a person at an address, in both cases reflected by the records of the Association as being the Owner and address for a given Lot, will be valid and effective for all purposes pursuant to the Declaration and this Assessment Collection Policy until such time as there is actual receipt by the Association of written notification from the Owner of any change in the identity or status of such Owner or its address or both.

10. Notification of Owner's Representative. Where the interests of an Owner in a Lot have been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interests in a Lot have been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Assessment Collection Policy will be deemed full and effective for all purposes if given to such representative or agent.

11. Referral to Legal Counsel. If an Owner remains delinquent in the payment of assessments and related costs for more than thirty (30) days after the sending of the Default Letter (as provided for above), Management, on behalf of the Board, or the Board may, as soon as possible thereafter, refer the delinquency to the legal counsel for the Association for the legal action as required by this Assessment Collection Policy. Any attorney's fees and related charges incurred by virtue of legal action taken will become part of the assessment obligation and may be collected as such as provided herein.

12. Legal Action. Legal counsel for the Association will take the following actions with regard to delinquencies referred to it upon legal counsel's receipt of a written request by Management and/or the Board to take a specific collection action:

a. Demand Letter. As the initial correspondence to a Delinquent Owner, counsel will send a demand letter (the "Demand Letter") to the Owner advising the Owner of the Association's claim for all outstanding assessments and related charges, adding to the charges the attorney's fees and costs incurred for counsel's services. The Demand Letter will inform the Owner that the Owner may dispute the validity of the amounts owing, in writing, within thirty (30) days of the Owner's receipt of the Demand Letter. If the amounts owing are disputed, Management and/or Legal Counsel will provide verification of the amounts claimed to be due in accordance with Paragraph 13 of this Policy.

b. Title Search. If a Delinquent Owner fails to pay the amounts set forth in the initial Demand Letter sent by counsel or fails to dispute the amounts within the allotted thirty (30) day period, counsel will, upon direction from the Board and/or Management, order a search of the land records to verify current ownership of the Lot on which the delinquency exists. If the title report indicates that the Current Owner is other than the Delinquent Owner, counsel will communicate that fact to the Association. A determination will then be made by the Board whether to pursue collection of the unpaid assessments from the Delinquent Owner or the Current Owner or both. Based on that determination, the Board and/or Management will direct counsel to proceed according to this Assessment Collection Policy. Where the title report confirms that the Current Owner is the Delinquent Owner, the Association, Management and counsel will likewise proceed according to this Assessment Collection Policy.

c. Notice of Lien. Where the Board has determined that foreclosure of the Association's assessment lien is to be pursued, if an Owner fails to pay in full all amounts indicated by the Demand Letter by the date specified or fails to dispute the debt within the allotted thirty (30) day period, counsel, upon being requested to do so by the Board and/or Management, will cause to be prepared, executed by a duly authorized agent of the Association, and recorded in the Real Property Records of Collin County, a written notice of lien (referred to as the "Notice of Lien") setting forth therein the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot covered by the lien. A copy of the Notice of Lien will be sent to the Owner contemporaneously with the filing of same with the County Clerk's office, together with an additional demand for payment in full of all amounts then outstanding, within thirty (30) days of the date of the transmittal to the Owner of the Notice of Lien.

d. Non-judicial foreclosure. When the Board has directed that the collection action to be taken is non-judicial foreclosure of the assessment lien, upon the expiration of the time period given in the demand letter accompanying the Notice of Lien, the continued delinquency of unpaid assessments owing will be reported to the Board by Management. As soon as practical thereafter, the Board and/or Management will direct counsel to initiate non-judicial foreclosure of the Lot, pursuant to Texas law. In any foreclosure proceedings, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorney's fees. The Association shall have the power to bid on the Owner's Lot and improvements at foreclosure and

to acquire, hold, lease, mortgage, convey or otherwise deal with the same. The Association may institute a personal judgment suit against the former Owner for any deficiency resulting from the Association's foreclosure of its assessment lien.

e. Judicial Foreclosure/Personal Judgment. When the Board has directed that the collection action to be taken is a suit for personal judgment against the Owner and/or for foreclosure of the assessment lien, upon the expiration of the time period given in the demand letter accompanying the Notice of Lien, the continued delinquency of unpaid assessments owing will be reported to the Board by Management. As soon as practical thereafter, the Board and/or Management will direct counsel to initiate legal proceedings in a court of competent jurisdiction seeking foreclosure of the assessment lien and/or recovery of a personal judgment against the Current Owner and, where different, the Delinquent Owner, or from the Current Owner only, for all amounts owing arising from the unpaid assessments and the collection thereof, including all attorney's fees and costs.

13. Verification of Indebtedness. For so long as the collection of assessments may be subject to the requirements of the Fair Debt Collection Practices Act (15 U.S.C. 1692 *et seq.*) (the "FDCPA") and the Texas Debt Collection Act (Tex. Rev. Civ. Stat., art 5096 *et seq.*) (the "TDCA"), all communications from Management and legal counsel will include such required notices as are prescribed by the FDCPA and the TDCA. Furthermore, where an Owner requests verification of the indebtedness, Management will, upon notification of the Owner's request, supply such verification before any further collection action is taken with respect to such Owner. The exercise of the collection rights of the Association regarding assessments will in all ways comply with the FDCPA and the TDCA to the extent such acts may apply.

14. Compromise of Assessment Obligations. In order to expedite the handling of collection of delinquent assessments owed to the Association, the Board may, at any time, compromise or waive the payment of any Assessment, fine, interest, late charge, handling charge, collection cost, legal fee or any other applicable charge. The Association may, at its option, notify the Internal Revenue Service of the waiver or forgiveness of any Assessment obligation.

15. Credit Bureaus. The Association may also notify any credit bureau of an Owner's delinquency. The Association will notify the Owner that it has filed such a report and will comply with any local, state, or federal laws in connection with the filing of such report.

IT IS FURTHER RESOLVED that this Assessment Collection Policy replaces and supersedes in all respects all prior policies and resolutions with respect to the collection of assessments by the Association and is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on May 23, 2004, and has not been modified, rescinded or revoked.

DATE: May 23, 2004

Robert C. J.
Secretary

Steven Luke

July D. J. J.

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

SEP 13 2004

Brenda Taylor



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

On Sep 13 2004
At 4:14pm

Doc/Num : 2004- 0135620

Recording/Type: NO 74.00
Receipt #: 36340