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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
ESCONDIDO,
AN ADDITION TO THE
CITY OF AZLE,
TARRANT COUNTY, TEXAS**

SEPTEMBER 15, 2006

**FILED
TARRANT COUNTY TEXAS
06 SEP 26 P3:19
SUZANNE HENDERSON
COUNTY CLERK**

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR ESCONDIDO**

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

KNOW BY ALL THESE PRESENT:

This **Declaration of Covenants, Conditions and Restrictions for Escondido** (hereafter called the “**Declaration**”) is made effective as of September ____, 2006, by **CONTI & SON, LTD.**, a Texas limited partnership (hereafter called “**Declarant**”).

RECITALS:

- A. Declarant is the owner of the real property in Tarrant County, Texas described on **Exhibit “A”** attached hereto, which Declarant is developing as an addition to the City of Azle to be known as Escondido (hereafter called the “**Property**”).
- B. Declarant desires to establish a planned residential community of single family detached homes on the Property and, accordingly, has executed this Declaration to impose the covenants, conditions, restrictions, and easements herein described upon the Property.

**ARTICLE 1
ESTABLISHMENT**

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

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

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

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

“**Association**” means the Escondido Homeowners Association, Inc., a Texas non-profit corporation organized or to be organized under the Texas Non-Profit Corporation Act, and its successors and assigns.

“**Board**” means the Board of Directors of the Association.

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

“**Bylaws**” mean the Bylaws of the Association.

“**Certificate**” means the Certificate of Formation of the Association.

“**City**” means the City of Azle, Texas.

“**Common Area**” means those portions of the Property as described in or on the Plat that do not constitute Lots, Streets, roads, or alleys (together with any and all improvements now or hereafter located thereon) owned by the Association or in certain instances over which the Association has been granted permanent easements, if any, for the common use and enjoyment of the Owners (as hereinafter defined). The Common Area also includes: (i) any areas within the Property owned by the City, the Association, or any other governmental entity, but which are required to be maintained by the Association; (ii) any landscape, wall maintenance, pedestrian access or maintenance easements reflected on the Plat, required by the City or recorded by separate instrument; and (iii) those areas, if any, which are owned by an Owner, but on which are located monuments, signs, fences, landscaping, berms, sidewalks, irrigation systems or other improvements that may be maintained by the City or the Association. Declarant shall at all times have and retain the right, but without obligation whatsoever, to effect minor redesigns or reconfigurations of the Common Area and to execute any open space declarations applicable to the Common Area which may be permitted in order to reduce property taxes, and to take whatever steps as may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.

“**Declarant**” means Conti & Son, Ltd., a Texas limited partnership, including any affiliate of any Partner thereof and any other person or entity who is designated as a successor Declarant in writing pursuant to the provisions of this Declaration.

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

“**HUD**” means the U.S. Department of Housing and Urban Development.

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

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

“**Member**” means any member of the Association.

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

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

"Plat" means (i) the Final Plat for the Property submitted to and approved by the City, or any other applicable governmental entity and recorded in the Records of Tarrant County, Texas; and, (ii) any replat of, or amendment to, the foregoing made by Declarant in accordance with this Declaration. The term "Plat" shall also include the final recorded plat of any additional property annexed into the Property pursuant to Section 8.1.

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

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

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

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

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

ARTICLE 2

USE PROVISIONS

Section 2.1 Permitted Uses.

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

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

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

Section 2.2 Prohibited Uses and Activities.

(a) **No Further Subdivision.** No Lot may be further subdivided without the written consent of the Declarant or the ACC. Lots may be combined for the purpose of constructing a single residence on more than one Lot only upon written approval of the Declarant or the ACC. Without regard to any such permitted subdivision or combination, the Lots involved shall continue to

be treated as single individual Lots hereunder for all other purposes, including voting in the Association and assessing and collecting Assessments.

(b) Parking and Vehicle Restrictions. All Vehicles shall be parked only upon the driveways and inside garages of each Lot. No parking on the Streets shall be allowed, except for temporary parking of guests or invitees of Owners during parties, delivery of services, and similar limited (no more than twenty-four (24) hours) time periods. Trucks with tonnage in excess of one ton and Vehicles with signage or advertising displays shall not be permitted to park overnight on the Streets, or other areas within the Property. No Vehicle that transports inflammatory or explosive cargo may be parked or stored within the Property. No inoperative or unlicensed Vehicles may be parked or stored, other than in an enclosed garage, within the Property. All work on Vehicles (other than routine maintenance) shall be performed only in an enclosed garage. The foregoing provisions shall not restrict the parking of trucks and other Vehicles as necessary in connection with construction of Residences or other Structures on Lots.

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

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

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

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

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

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

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

(j) Changes in Grade. Except for such changes as are reasonably necessary to facilitate construction of a Residence on a Lot, no Owner shall change the grade of any Lot except in compliance with all applicable laws. After Declarant has developed the Lots, the general gradings,

slope and drainage plan of a Lot may not be altered, and no dams, berms, channels or swales may be constructed or excavated without the prior written approval of Declarant (or the ACC), the City (if applicable) and other appropriate agencies having authority to grant such approval.

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

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

ARTICLE 3

CONSTRUCTION PROVISIONS

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

Section 3.2 Establishment of ACC.

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

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

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

Section 3.3 Approval Process.

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

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

location of improvements, which would otherwise constitute a violation of the Covenants or the Design Guidelines.

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

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

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

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

Section 3.4 Specific Construction Provisions.

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

(b) Structure Size and Type. Each Residence shall have the minimum number of square feet of enclosed air-conditioned area as follows: (i) minimum of 2,000 square feet for Block 1, Lots 1-38; (ii) minimum of 2,500 square feet for Block 3, Lots 1-12, 19, 20, 21; and (iii) minimum of 2,600 square feet for Block 3, Lots 13-18; and (iv) square foot minimum does not apply

to Block 2, Lots 1-12 under this Declaration. Each Residence shall be of new construction on a Lot and no mobile homes or manufactured housing shall be permitted on the Property except on a temporary basis in connection with construction or sales activities.

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

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

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

(1) Antennae/Satellite Dishes. The erection, construction, placement or installation of any television, radio, or other electronic tower, serial, antenna, satellite dish or device of any type for the reception or transmission of radio or television broadcasts or for any means of communication upon a Lot or upon any improvement thereon is prohibited except as provided for herein. This prohibition shall not apply to those antennae specifically covered by 47 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision) promulgated pursuant to the Telecommunications Act of 1996, as amended from time to time. The ACC or the Declarant shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. All television antennae and other antennae and aerials shall be located inside the attic of the residence constructed on the Lot. Amateur radio towers and antennae (whether for reception or transmission) are specifically prohibited. No exterior television, radio or other antenna of any type shall be placed, allowed or maintained upon any Lot, Residence, or Structure without prior written approval and authorization of the ACC.

(2) Fences and Walls. All fences and walls (excluding retaining walls described in (6) below) shall be at least 6 feet (72 inches) in height and shall have a maximum height of 8 feet (96 inches), and shall be located in an area and constructed of materials in accordance with the provisions contained in any Design Guidelines. No fence or wall may be constructed, repaired, rebuilt, or relocated if it impedes or obstructs drainage. Prior written approval from the ACC is required for any construction, placement or repair of fences or walls on any Lot.

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

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

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

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

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

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

(9) **Signage.** Except for Declarant's signs, no signage may be maintained on any Lot other than signs which do not exceed 6 sq. ft., of tasteful design which advertise a Lot or Residence for sale. Political signage is allowed so long as it strictly complies with the conditions set forth in any Design Guidelines as to number, location, when such signs are allowed prior to the election, and the time period after the election upon which the signs shall be removed. Spirit signs (announcing the involvement of teenagers in athletics or school programs) shall only be allowed if provided for and in strict compliance with any Design Guidelines. Such advertising and spirit signs shall be subject to approval of the ACC. All signs must be professionally produced and manufactured. Each Owner hereby grants permission to the ACC (or its duly authorized agents) to enter upon a Lot or any part of the Property and remove any sign, billboard or advertising structure that does not comply with the above requirements and, in doing so, shall not be subject to any liability to any Person whatsoever for trespass, conversion, or any claim for damages in connection with such removal. The ACC's cost to remove any sign shall be added to the Owner's assessment account, be payable upon demand and secured by the lien created in Article 6.

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

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

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

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

Section 3.7 Roof Restrictions. All roofs shall have at least a 8:12 pitch on the main structure and on garage structures unless otherwise approved by the ACC.

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

(a) **Landscaping.** All Lots shall be appropriately landscaped, including planting of grass and other plants in conformity with any Design Guidelines and other improvements on the Property. In addition to complying with City requirements, all Lots with a Residence thereon shall include at least two (2) 3" caliper trees in the area of the Lot between the front property line and the front building line.

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

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

ARTICLE 4 MAINTENANCE PROVISIONS

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

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

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

Section 4.4 Easement Maintenance. Each Owner grants to the Association, the Board, and the Declarant the right to access, repair, and maintain all facilities and improvements within any wall, entry, fence, landscape, or other similar easement as recorded on any Plat. By acquisition of a Lot, each Owner hereby grants, creates and conveys unto the Association, the other adjacent Owners and the Declarant a perpetual Drainage Easement (herein so called) over, through, under and across the Owner's Lot for the purpose of permitting runoff and/or storm water to drain from other adjacent Lots over, through, under and across the Owner's Lot(s). Without limiting the foregoing, in order to facilitate drainage from the Property subject to the Declaration over, through, under and across the Owner's Lot, each Owner hereby agrees that the Declarant or the Association, as the case may be, shall have the right to enter onto the Owner's Lot at any time to (i) prevent possible interference with the Drainage Easement and to remove possible hazards from the Drainage Easement area, (ii) prevent the construction or placement of any building, structure or other obstruction within the Drainage Easement area which may endanger or interfere with the efficient and convenient use of the Drainage Easement, (iii) grade, improve, construct, reconstruct, repair and perpetually maintain swales within the Drainage Easement area, and (iv) or regrade portions of the Drainage Easement area necessary or appropriate to permit drainage as generally described herein or as approved or required by appropriate governmental authorities. Notwithstanding any of the foregoing rights of the

Association or the Declarant, each Owner hereby agrees to maintain the Drainage Easement area at such Owner's sole cost and expense. If any structures or other obstructions are constructed, created or placed by any Owner within the Drainage Easement area without the prior written consent of the Board or the Association, the Board or the Association shall have the right to remove such structure or obstruction at the sole cost of such Owner. The cost to remove the structure or the obstruction shall be charged to the Owner's assessment account, be payable on demand, and shall be secured by the lien provided for in Article 6.

ARTICLE 5 **OWNER'S ASSOCIATION**

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

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

(a) **Class A.** The Class A Member shall be all Owners other than Declarant and shall be entitled to one (1) vote for each Lot owned. If more than one person owns an interest in a Lot, they shall combine their vote in such way as they see fit, but there shall be no fractional votes, and no more than one vote with respect to any Lot.

(b) **Class B.** The Class B Member shall be the Declarant who shall be entitled to fifteen (15) votes for each Lot owned by Declarant. Subject to the conditions set forth in the remainder of this paragraph, the Class B membership shall be converted to Class A membership upon the earlier of (i) the total votes outstanding in the Class A membership equaling the total votes outstanding in the Class B membership, or (ii) the recording in the Records of Tarrant County, Texas of a notice signed by Declarant terminating the Class B membership. In determining the number of Lots owned by Declarant for the purpose of Class B membership status hereunder, the total number of Lots covered by this Declaration, including all Lots annexed thereto in accordance with Section 8.1 herein, shall be considered. In the event the Class B membership has previously lapsed as provided in (i) above, but annexation of additional property restores the ratio of Lots owned by Declarant to the number required for Class B membership status, such Class B membership shall be reinstated until it expires pursuant to the terms hereof.

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

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

- (1) to enforce the provisions of this Declaration;
- (2) to enter into contracts;
- (3) to retain third parties, as necessary, to assist the Board in carrying on

the Association's activities, including engineers, accountants, lawyers, architects, land planners, professional management, and other consultants;

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

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

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

ARTICLE 6 **ASSESSMENTS**

Section 6.1 Power to Establish Assessments. The Association is empowered to establish and collect Assessments as provided in this Article 6 for the purpose of obtaining funds to maintain the Common Area, perform its other duties, and otherwise preserve and further the operation of the Property as a first quality residential subdivision. The purposes for which Assessments may be used include, without limitation, maintaining, operating, managing, repairing, replacing or improving the Common Area or any improvements thereon; mowing grass and maintaining grades and signs; paying legal fees and expenses incurred in enforcing this Declaration; paying expenses incurred in collecting and administering assessments; paying insurance premiums for liability and fidelity

coverage for the ACC, the Board and the Association; satisfying any indemnity obligation under the Certificate or Bylaws; and for any other purpose that furthers or serves the interests of the Association. The Board may reject partial payments and demand payment in full of all amounts due and owing the Association. The Board is specifically authorized to establish a policy governing how payments are to be applied.

Section 6.2 Commencement of Assessments.

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

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

Section 6.3 Regular Annual Maintenance Assessments.

(a) Annual Budget. For each calendar year or a part thereof during the term of this Declaration, the Board shall establish an estimated budget of the expenses to be incurred by the Association for the forthcoming year in performing its duties. Based upon such budget, the Association shall then assess each Lot an annual fee (the "Maintenance Assessment") which shall be paid by each Owner in advance as follows: annually on the first day of March, unless the Board determines a different date. The Association shall notify each Owner of the Maintenance Assessment for the ensuing year by December 15 of the preceding year, but failure to give such notice shall not relieve any Owner from its obligation to pay Maintenance Assessments. Any Maintenance Assessment not paid within thirty (30) days of the date due shall be delinquent and shall thereafter bear interest as provided in Section 6.5(f). As to any partial year, Maintenance Assessments on any Lot shall be appropriately prorated.

(b) Limits on Maintenance Assessments. The initial Maintenance Assessment for each Lot shall not exceed Fifty Dollars and 00 Cents (\$50.00) per month. Thereafter the Board may increase the Maintenance Assessment annually to meet the anticipated needs of the appropriate budget, but the Maintenance Assessment may not be increased in any year by an amount in excess of twenty percent (20%) above the previous year's Maintenance Assessment, unless such increase is approved by a majority vote of those members of the Association present at a meeting, in person or by proxy, where a quorum exists.

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

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

paying any Special Assessment (which may be in installments) shall be as specified in the approved proposal.

Section 6.5 Liability for and Enforcement of Assessments.

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

(b) **Reservation, Subordination, and Enforcement of Assessment Lien.** Declarant hereby reserves for the benefit of itself and the Association, a lien (the "**Assessment Lien**") against each Lot to secure payment of (1) the Assessments imposed hereunder; (2) the payment of fines imposed under Section 3.3 (e) and Section 9.2 hereof or Article III of the Bylaws; (3) the cost to remove unauthorized signage under Section 3.4 (9) hereof; (4) the cost to perform a defaulting Owner's obligations under Section 4.3 hereof; (5) the cost to remove any structure or obstruction from the Drainage Easement area under Section 4.4 hereof; and (6) attorneys' fees incurred by the Association in collecting Assessments or other charges added to an Owner's account and to enforce the Declaration. Each Owner, by accepting conveyance of a Lot, shall be deemed to have agreed to pay the Assessments, along with fines, costs for remedial measures and attorneys' fees as herein provided for and to the reservation of the Assessment Lien. The Assessment Lien shall be subordinate to the liens of any valid first lien mortgage or deed of trust encumbering a particular Lot. Sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to a first mortgage or deed of trust foreclosure (whether by exercise of power of sale or otherwise) or any proceeding in lieu thereof, shall only extinguish the Assessment Lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from Liability and the Assessment Lien for any Assessments thereafter becoming due. The Assessment Lien may be non-judicially foreclosed by power of sale in accordance with the provisions of Section 51.002 of the *Texas Property Code* (or any successor provision) or may be enforced judicially. Each Owner, by accepting conveyance of a Lot, expressly grants the Association a power of sale in connection with the foreclosure of the Assessment Lien. The Board is empowered to appoint a trustee, who may be a member of the Board, to exercise the powers of the Association to non-judicially foreclose the Assessments Lien in the manner provided for in Section 51.002 of the *Texas Property Code* (or any successor statute). The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

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

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

(e) **Late Charges and Collection Fees.** If any Assessment or any part thereof remains unpaid after thirty (30) calendar days from and after the due date established by the Board, a late charge shall be assessed against the non-paying Owner for each month or any part thereof, that

any portion of any Assessment remains unpaid. Should any Assessment be payable in installments, the Association is authorized to accelerate the entire Assessment and demand immediate payment thereof. The late charge shall be eighteen percent (18%) per annum, but not in excess of the maximum rate allowed by applicable law. The Association's Managing Agent shall be entitled to charge an Owner a monthly collection fee to compensate Managing Agent for its administrative costs and efforts to collect and process the late payment of Assessments. A service charge in the amount of Twenty-five and No/100 Dollars (\$25.00) shall be charged for each check that is returned because of insufficient funds or any other reason. The amount of late charges and service charges may be adjusted, from time to time, by the Board consistent with any changes in the administrative costs to collect unpaid Assessments or the Association's bank charges. All late charges, collection fees, service charges and attorneys' fees assessed or incurred due to late payment of Assessments shall be charged to an Owner's Assessment account which shall be part of the delinquent Assessment and shall be payable and secured in the same manner as herein provided with regard to Assessments.

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

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

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

(i) **Section Intentionally Deleted.**

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

ARTICLE 7
COMMON AREA

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

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

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

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

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

ARTICLE 8

SPECIFIC DECLARANT RIGHTS

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

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

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

Section 8.4 Specific Declarant Rights to Amend Declaration. Declarant, without joinder of the Board, the Association, or the other Owners may amend this Declaration to correct any errors or to cause the Declaration to be in compliance with any City or other governmental requirement (including any requirements imposed by the Federal Housing Administration, the

Veterans Administration, the Department of Housing and Urban Affairs, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association).

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

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

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

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

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

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

ARTICLE 9 **MISCELLANEOUS PROVISIONS**

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

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

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

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

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

Section 9.6 HUD/VA Approval. Should any approval from HUD or VA be required under the terms of this Declaration, Declarant shall forward such request for approval to HUD and/or VA. If neither HUD nor VA notify Declarant of any objection to the request for approval within twenty (20) days of the date such request for approval was forwarded to HUD or VA, then such approval shall be deemed to have been granted.

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

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

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

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

Section 9.11 Disclosure by Declarant. Attached hereto as Exhibit "E" are summaries of certain disclosures made in various forms to all purchasers of a Residence from Declarant, who,

having made such disclosures to such purchasers of a Residence and having attached such summaries to this Declaration, shall be deemed to have fully made such disclosures to any Person acquiring title to any Lot and is hereby fully released and forever discharged by any Owner of a Lot from any further duty or obligation to make such disclosures.

Section 9.12 Arbitration of Disputes Involving Declarant.

(a) ANY AND ALL DISPUTES ARISING HEREUNDER BETWEEN AN OWNER AND DECLARANT SHALL BE SUBMITTED TO BINDING ARBITRATION AND NOT TO A COURT FOR DETERMINATION. ARBITRATION SHALL COMMENCE AFTER WRITTEN NOTICE IS GIVEN FROM EITHER PARTY TO THE OTHER, SUCH ARBITRATION SHALL BE ACCOMPLISHED EXPEDITIOUSLY IN TARRANT COUNTY AND SHALL BE CONDUCTED IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA"). THE ARBITRATION SHALL BE CONDUCTED BY THREE (3) ARBITRATORS, ONE OF WHOM SHALL BE APPOINTED BY THE OWNER AND ONE OF WHOM SHALL BE APPOINTED BY DECLARANT. THE THIRD ARBITRATOR SHALL BE APPOINTED BY THE FIRST TWO ARBITRATORS. THE ARBITRATORS SHALL BE SELECTED FROM A LIST OF ARBITRATORS SUBMITTED BY THE AAA. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. ARBITRATION SHALL NOT COMMENCE UNTIL THE PARTY REQUESTING IT HAS DEPOSITED ONE THOUSAND FIVE HUNDRED AND NO/100 U. S. DOLLARS (\$1,500.00) WITH THE ARBITRATORS AS A RETAINER FOR THE ARBITRATORS' FEES AND COSTS. THE PARTY REQUESTING ARBITRATION SHALL ADVANCE SUCH SUMS AS ARE REQUIRED FROM TIME TO TIME BY THE ARBITRATORS TO PAY THE ARBITRATORS' FEES AND COSTS, UNTIL THE PREVAILING PARTY IS DETERMINED OR THE PARTIES HAVE AGREED IN WRITING TO AN ALTERNATIVE ALLOCATION OF FEES AND COSTS. EACH PARTY SHALL PAY HIS/HER OWN LEGAL FEES AND COSTS AND ANY OTHER FEES INCURRED IN CONNECTION WITH AN ARBITRATION PROCEEDING WHICH ARISES OUT OF OR RELATES IN ANY WAY TO THIS AGREEMENT PROVIDED, HOWEVER, THAT THE ARBITRATION PANEL SHALL AWARD THE ARBITRATORS' FEES AND COSTS TO THE PREVAILING PARTY IN ITS ARBITRATION JUDGMENT.

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

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

Section 9.13 Governing Law. This declaration will be construed under and governed by the laws of the state of Texas, unless otherwise provided in this declaration.

Executed by Declarant as of the date set forth above.

CONTI & SON, LTD.,
a Texas limited partnership

By: BLS Holdings, LLC,
a Texas liability company, its General Partner

By: *[Signature]*

Name: Bruce Conti

Title: Mgn. of BLS

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

BEFORE ME, the undersigned authority, on this day personally appeared Bruce Conti, as Manager of BLS Holdings, LLC, a Texas liability company, the general partner of CONTI & SON, LTD., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of CONTI & SON, LTD., a Texas limited partnership, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 15th day of September 2006.

[Signature]
Notary Public, State of Texas

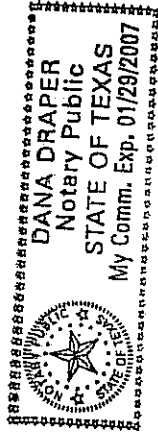


EXHIBIT A

Legal Description

Lots 1-38, Block 1, Lot C, Block 1, Lots 1-12, Block 2, Lots 1-21, Block 3, Lot 1, Block 100, Lot 1, Block 200, Escondido Eagle Mountain Lake an Addition to the City of Azle, Tarrant County, Texas according to the Final Plat thereof recorded in Cabinet A, Slide 11375 of the Plat Records of Tarrant County, Texas.

EXHIBIT B

Standard Mailbox Exhibit

Made of brick or stone to match the house.

EXHIBIT C

Certificate of Formation

CERTIFICATE OF FORMATION
OF
THE ESCONDIDO HOMEOWNERS ASSOCIATION, INC.

The undersigned, organizer of The Escondido Homeowners Association, Inc. (the "Association"), acting pursuant to the Texas Business Organizations Code, hereby adopts the following Certificate of Formation for the Association:

ARTICLE ONE
Definitions

All capitalized undefined terms used herein shall have the meanings respectively ascribed to them in the Declaration.

ARTICLE TWO
Name

The name of the Association is The Escondido Homeowners Association, Inc.

ARTICLE THREE
Type

The Association is a non-profit domestic corporation.

ARTICLE FOUR
Duration

The period of its duration is perpetual.

ARTICLE FIVE
Purposes

The Association does not contemplate pecuniary gain or profit to the Members, and the specific purposes for which it is formed are to provide for the maintenance, preservation, and architectural control of and to promote the health, safety and welfare of the Owners and occupants of the Association, and for these purposes:

- (a) Subject to other provisions of these Certificate, to borrow money and to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.
- (b) To maintain, repair and improve the Common Area as more specifically defined in the Declaration.

(c) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration.

(d) To fix, levy, collect and enforce payment by lawful means, including, without limitation, the right to judicial and non-judicial foreclosure, all charges and assessments provided for by the terms of the Declaration and to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges which may be levied against the Common Area or any other property owned by the Association.

(e) Insofar as permitted by law, to do any thing that, in the opinion of the Board, will promote the common benefit and enjoyment of the Owners and occupants of the Association; provided that no part of the net earnings of the Association shall inure to the benefit of or be distributable to any Member, director or officer of the Association, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Association effecting one or more of its purposes), and no Member, director or officer of the Association, or any private individual, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Association.

(f) To perform any other lawful act permitted to be performed by Texas law and the Texas Residential Property Owner's Protection Act.

Regardless of any other provision in this Certificate of Formation or state law, the Association shall have no power to:

1. Engage in activities or use its assets in manners that are not in furtherance of one or more exempt purposes, as set forth above and defined by the Internal Revenue Code and related regulations, rulings, and procedures, except to an insubstantial degree.
2. Devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise, except as provided by the Internal Revenue Code and related regulations, rulings, and procedures.
3. Participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office. The prohibited activities include the publishing or distributing of statements and any other direct or indirect campaign activities.
4. Distribute its assets on dissolution other than for one or more exempt purposes. On dissolution, the Association's assets shall be distributed to the state government for a public purpose, or to an organization to be used to accomplish the general purposes for which the Association was organized.

5. Permit any part of the net earnings of the Association to inure to the benefit of any Member of the Association or any private individual.
6. Carry on an unrelated trade or business except as a secondary purpose related to the Association's primary, exempt purposes.

ARTICLE SIX
Membership

The Association shall have two classes of voting Members:

CLASS A. The Class A Member shall be all Owners other than Declarant and shall be entitled to one (1) vote for each Lot owned. If more than one person owns an interest in a Lot, they shall combine their vote in such way as they see fit, but there shall be no fractional votes, and no more than one vote with respect to any Lot.

CLASS B. The Class B Member shall be the Declarant who shall be entitled to fifteen (15) votes for each Lot owned by Declarant. Subject to the conditions set forth in the remainder of this paragraph, the Class B membership shall be converted to Class A membership upon the earlier of (i) the total votes outstanding in the Class A membership equaling the total votes outstanding in the Class B membership, or (ii) the recording in the Records of Tarrant County, Texas of a notice signed by Declarant terminating the Class B membership. In determining the number of Lots owned by Declarant for the purpose of Class B membership status hereunder, the total number of Lots covered by this Declaration, including all Lots annexed thereto in accordance with Section 8.1 herein, shall be considered. In the event the Class B membership has previously lapsed as provided in (i) above, but annexation of additional property restores the ratio of Lots owned by Declarant to the number required for Class B membership status, such Class B membership shall be reinstated until it expires pursuant to the terms hereof.

Every person or entity who is now or hereafter becomes an Owner shall automatically be a Member of the Association, and membership shall be appurtenant to and may not be separated from ownership of any Lot.

ARTICLE SEVEN
Registered Agent

The street address of the initial registered office and agent of the Association is 1050 Springhill, Burleson, Texas 76028 and the name of its initial agent at such address is David Ross.

ARTICLE EIGHT

Directors

The number of directors shall be no less than three (3) and no more than five (5).
The number of directors constituting the initial Board of the Association is three (3), and
the names and addresses of the persons who are to serve as the initial directors are:

John K. Zimmerman
4672 St. Laurent
Fort Worth, Texas 76126

Bruce Conti
4672 St. Laurent
Fort Worth, Texas 76126

Joe H. Risky
4672 St. Laurent
Fort Worth, Texas 76126

ARTICLE NINE

Organizer

The name and address of the organizer is:

Joe H. Risky
4672 St. Laurent
Fort Worth, Texas 76126

IN WITNESS WHEREOF, I have hereunto my hand this the 15th day of
September, 2006.



Bruce Conti, Organizer of The Escondido
Homeowners Association, Inc.

EXHIBIT D

Bylaws

**BYLAWS
OF
THE ESCONDIDO HOMEOWNERS ASSOCIATION, INC.**

PREAMBLE

These Bylaws of THE ESCONDIDO HOMEOWNERS ASSOCIATION, INC. (“Bylaws”), are subject to, and governed by, the Texas Non-Profit Corporation Act (the “Act”) and the Certificate of Formation of The Escondido Homeowners Association, Inc, a Texas non-profit corporation (the “Association”). In the event of a conflict between these Bylaws and the mandatory provisions of the Act, the provisions of the Declaration of Restrictions, Covenants and Conditions, as recorded as Instrument Number _____, of the Real Property Records of the Office of the County Clerk of Tarrant County, Texas (the “Declaration”) or the Certificate of Formation of the Association (the “Certificate”), such provisions of the Act, the Declaration or the Certificate, as the case may be, will be controlling.

**ARTICLE I
NAME AND LOCATION**

- 1.1 The Property shall be known as Escondido.
- 1.2 The principal office of the Association shall be located in Tarrant County, Texas, but meetings of Members and Directors may be held at such places within the State of Texas as may be designated by the Board.

**ARTICLE II
DEFINITIONS**

All capitalized undefined terms used herein shall have the meanings respectively ascribed to them in the Declaration.

**ARTICLE III
MEMBERSHIP**

Section 1. Every person or entity who is now or hereafter becomes an Owner shall automatically be a Member of the Association.

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

CLASS A. The Class A Member shall be all Owners other than Declarant and shall be entitled to one (1) vote for each Lot owned. If more than one person owns an interest in a Lot, they shall combine their vote in such way as they see fit,

but there shall be no fractional votes, and no more than one vote with respect to any Lot.

CLASS B. The Class B Member shall be the Declarant who shall be entitled to fifteen (15) votes for each Lot owned by Declarant. Subject to the conditions set forth in the remainder of this paragraph, the Class B membership shall be converted to Class A membership upon the earlier of (i) the total votes outstanding in the Class A membership equaling the total votes outstanding in the Class B membership, or (ii) the recording in the Records of Tarrant County, Texas of a notice signed by Declarant terminating the Class B membership. In determining the number of Lots owned by Declarant for the purpose of Class B membership status hereunder, the total number of Lots covered by this Declaration, including all Lots annexed thereto in accordance with Section 8.1 herein, shall be considered. In the event the Class B membership has previously lapsed as provided in (i) above, but annexation of additional property restores the ratio of Lots owned by Declarant to the number required for Class B membership status, such Class B membership shall be reinstated until it expires pursuant to the terms hereof.

Every person or entity who is now or hereafter becomes an Owner shall automatically be a Member of the Association, and membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 3. The rights of membership are subject to the payment of the assessments levied by the Association in accordance with the Declaration, the obligation of which assessments is imposed against the Owner of and becomes a lien upon each Lot against which such assessments are made as provided by Article 6 of the Declaration which is hereby incorporated herein and made a part thereof for all purposes.

Section 4. Eligibility to vote or serve as a representative, director or officer shall be predicated upon being a Member who must be in good standing. To be in good standing, the Member must have all assessments of every type and category paid up to date and have no outstanding financial obligations to the Association that are delinquent. Additionally, no Member shall be allowed to neither vote or hold office, nor participate in any Association activity or meeting, if that Member is noted within the records of the Association to be in violation of the Declaration or in litigation with the Association.

ARTICLE IV
PROPERTY RIGHTS AND RIGHTS
OF ENJOYMENT OF THE COMMON AREA

Section 1. Each Member shall be entitled to the use and enjoyment of the Common Area and facilities in accordance with and subject to the terms and conditions set forth in the Declaration.

ARTICLE V
DIRECTORS

Section 1. The number of directors of the Association shall be no less than three (3) and no more than five (5). The directors shall be elected at the annual meeting of the Members, except as provided in Section 2 of this Article. Each director elected shall hold office until his resignation or removal or until his successor is elected and qualified. Directors need not be residents of the State of Texas or Members of the Association.

Section 2. Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled at an annual meeting of the Members or at a special meeting of the Members entitled to vote called for that purpose. Any director may be removed from the Board, with or without cause, by a majority vote of the Members at an annual meeting of the Members or at a special meeting of the Members entitled to vote called for that purpose.

Section 3. The business and affairs of the Association shall be managed by its Board which may exercise all such powers of the Association and do all such lawful acts and things which are not directed or required by statute or by the Certificate or by these Bylaws or by the Declaration to be exercised and done by the Members. The power and authority of the Board shall include, but shall not be limited to, the power and authority:

- (a) to establish, levy and assess, and collect the assessments referred to in Article III, Section 3 hereof;
- (b) to adopt and publish or cause to be published rules and regulations governing the use of the Common Area and facilities and the personal conduct of the Members, their tenants and other permitted occupants;
- (c) to declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;
- (d) to employ managers, independent contractors, or such other employees of the Association as it may deem necessary and to prescribe their duties;
- (e) to suspend the voting rights and other rights of a member that is not in good standing as provided in Article III, Section 4; and
- (f) to exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Certificate, or the Declaration.

Section 4. It shall be the duty of the Board, unless otherwise stated in the Declaration:

- (a) to cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the entire voting membership or by one-fourth (1/4) of the Class A Members who are entitled to vote;
- (b) to supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided herein and in the Declaration:
 - (1) to fix the amount of all Assessments against each Lot as provided in the Declaration.
 - (2) to cause written notice of each Assessment to be sent to every Owner as provided in the Declaration; and
 - (3) to collect the assessments assessed against each Lot;
- (d) to procure and maintain insurance coverage in conformity with the Declaration;
- (e) to approve or disapprove alterations and improvements in accordance with and subject to the terms and conditions set forth in the Declaration; and
- (f) to otherwise perform or cause to be performed all of the rights, duties and obligations delegated to the Board in the Declaration.

ARTICLE VI
MEETINGS OF THE BOARD

Section 1. Meetings of the Board, regular or special, shall be held within Tarrant County, Texas or at such other location as may be unanimously agreed to by the Directors.

Section 2. The first meeting of each newly elected Board shall be held at such time and place as shall be fixed by the vote of the Members at the annual meeting of the Members and no notice of such Meeting shall be necessary to the newly elected directors in order to legally constitute the Meeting. In the event of the failure of the Members to fix the time and place of such first meeting of the newly elected Board, or in the event that such meeting is not held at the time and place so fixed by the Members, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter

provided for special meetings of the Board or as shall be specified in a written waiver signed by all of the Directors.

Section 3. Regular meetings of the Board shall be held semi-annually with five (5) days advance notice, at such place and time as may be fixed from time to time by resolution of the Board. Should the meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 4. Special meetings of the Board shall be held when called by the President or by any two directors. Written notice of special meetings of the Board shall be given to each director at least five (5) days before the date of the Meeting. The business to be transacted at any special meeting of the Board shall be specified in the notice or waiver of notice of such meeting.

Section 5. A majority of the Directors shall constitute a quorum for the transaction of business and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board, unless a greater number is required by the Certificate. If a quorum shall not be present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 6. Any action required or permitted to be taken at a meeting of the Board or a committee established by the Board may be taken without a meeting if a consent in writing, setting forth the action taken, is signed by all of the members of the Board or the committee, as the case may be, and such consent shall have the same force and effect as a unanimous vote at a meeting.

ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination for election of the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for each election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or Non-Members.

Section 2. Election to the Board shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII
COMMITTEES

Section 1. The Board, by resolution adopted by a majority of the whole Board, may, in its discretion, (i) appoint a Nominating Committee, as provided in these Bylaws, and (ii) designate representatives to perform the duties and exercise the authority in Article II of the Declaration. In addition, the Board may appoint other committees, whose members need not be directors, as deemed appropriate to carry out its purposes.

Section 2. Vacancies in the membership of any committee appointed by the Board shall be filled by the Board at a regular or special meeting of the Board. Each committee shall keep regular minutes of its proceedings and report the same to the Board when required. The designation of an executive committee, if any, and the delegation thereto of authority shall not operate to relieve the Board, or any member thereof, of any responsibility imposed upon it or him by law.

ARTICLE IX
COMPENSATION OF DIRECTORS

The directors of the Association and committee members shall serve without compensation. However, any director who obtains prior written approval by the Board may be reimbursed for actual expenses incurred in the performance of his duties.

ARTICLE X
NOTICES

Section 1. Notice to directors and Members shall be in writing and delivered personally or mailed to the directors and Members at their addresses appearing on the books of the Association. Notice by mail shall be deemed to be given at the time when deposited in the United States mail, addressed to the Member or director at his address as it appears on the books of the Association, with postage thereon prepaid.

Section 2. Whenever any notice is required to be given to any Member or director under the provisions of any statute or of the Certificate or of these Bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 3. Attendance of any Member or director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XI
OFFICERS

Section 1. The officers of the Association shall consist of a President (who shall at all times by a member of the Board), a Secretary, and a Treasurer, each of whom shall be elected by the Board. Any office may be held by the same person, except the President and Secretary.

Section 2. The Board, at the first meeting and after each annual meeting of Members, shall elect the officers of the Association.

Section 3. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board.

Section 4. All officers of the Association shall serve without compensation.

Section 5. Each officer of the Association shall hold office for one (1) year unless he shall sooner resign or shall be removed or otherwise disqualified to serve. Any officer elected or appointed by the Board may be removed by the Board without notice whenever, in its judgment, the best interests of the Association will be served thereby. Any vacancy occurring in any office of the Association by death, resignation, removal, or otherwise shall be filled by the Board.

THE PRESIDENT

Section 6. The President shall be the chief executive officer of the Association, shall preside at all meetings of the Members and the Board, shall have general and active management of the business of the Association, and shall see that all orders and resolutions of the Board are carried into effect.

Section 7. He shall execute all leases, bonds, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes, except where required by law to be otherwise signed and executed.

THE VICE PRESIDENTS

Section 8. The Vice Presidents, in the order of their seniority, unless otherwise determined by the Board, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the Board shall prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The Secretary shall attend all meetings of the Board and all meetings of the Members and record all the votes and proceedings of the meeting of the Members of the Association and of the Board in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board and shall perform such other duties as may be prescribed by the Board or President. He shall

keep in safe custody the seal of the Association and, when authorized by the Board, affix the same to any instrument requiring it, and when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

Section 10. The Assistant Secretaries, in the order of seniority, unless otherwise determined by the Board, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The Treasurer shall have the custody of the corporate funds and securities and shall have full and accurate accounts of receipts and disbursements in books belonging to the Association and shall receive and deposit all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board.

Section 12. He shall disburse the funds of the Association as may be authorized by the Board, taking proper vouchers for such disbursements, and shall render to the President and the Board, at its regular meetings or when the Board so requires, an account of all of his transactions as Treasurer and of the financial condition of the Association.

Section 13. He shall co-sign all checks and promissory notes of the Association and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members. He shall, if so determined by the Board, cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year.

Section 14. If required by the Board, he shall, at the expense of the Association, give the Association a bond in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of this office and for the restoration to the Association, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control belonging to the Association.

Section 15. The Assistant Treasurers, in the order of their seniority, unless otherwise determined by the Board, shall in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the Board may from time to time prescribe.

ARTICLE XII MEETINGS OF MEMBERS

Section 1. Meetings of the Members for the election of directors shall be held at the offices of the Association in Tarrant County, State of Texas, or at such other location within Tarrant County, State of Texas, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. Meetings of Members for any purpose may be held at such place within Tarrant County, Texas, and at such time as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of Members, commencing with the year 2007, shall be held on the date and at the time and place as designated by the Board and stated in the notice of the meeting or in a duly executed waiver of notice of such meeting. At such meeting the Members will elect directors and transact any other business that is properly brought before the meeting.

Section 3. Special meetings of the Members may be called by the President or the Board and shall be called by the Secretary upon written request of Members entitled to cast one-fourth (1/4) of all of the votes of the entire membership or who are entitled to cast one-fourth (1/4) of the votes of the Class A membership.

Section 4. Written or printed notice stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the day of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting, to each Member entitled to vote at such meeting.

Section 5. Business transacted at any special meeting shall be confined to the purpose stated in the notice thereof.

Section 6. The presence at any meeting of Members entitled to cast twenty-five percent (25%) of the votes of each class of membership, represented in person or by proxy, shall constitute a quorum at meetings of Members except as otherwise provided in the Declaration, the Certificate, or these Bylaws. If, however, a quorum shall not be present or represented at any meeting of the Members, the Members present, in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. Other than for the election of directors, the vote of Members entitled to cast a majority of the votes thus represented at a meeting at which a quorum is present shall be the act of the Members meeting, unless the vote of a greater number is required by law, the Declaration, the Certificate, or these Bylaws.

Section 8. Each Member may cast as many votes as he is entitled to exercise under the terms and provisions of the Certificate on each matter submitted to a vote at a meeting of Members, except to the extent that the voting rights of any Member have been

suspended in accordance with these Bylaws or the Declaration. At each election for Directors, every Member is entitled to vote at such election shall have the right to cast as many votes as he is entitled to exercise under the terms and provisions of the Certificate, in person or by proxy, for as many persons as there are directors to be elected and for whose election he has a right to vote, and Members of the Association are expressly prohibited from cumulating their votes in any election for directors of the Association.

Section 9. A Member may vote, in person or by proxy, executed in writing by the Member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for a period of more than eleven (11) months from the date of its execution.

Section 10. The officer or agent having charge of the corporate books shall make, at least ten (10) days before each meeting of the Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with the address of each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the Association and shall be subject to inspection by any Member at any time during the usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting.

Section 11. The Board may fix, in advance, a date, not exceeding fifty (50) days preceding the date of any meeting of Members, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting and any adjournment thereof, and in such case, such Members, and only such Members as shall be Members of record on the date so fixed, shall be entitled to such notice of and to vote at such meeting and any adjournment thereof, notwithstanding any change of membership on the books of the Association after any such record date fixed as aforesaid.

Section 12. Any action required by the statutes to be taken at a meeting of the Members or any action which may be taken at a meeting of the Members may be taken without a meeting in a consent, in writing, setting forth the action so taken shall be signed by all of the Members required to vote affirmatively with respect to the subject matter thereof, and such consent shall have the same force and effect as the required affirmative vote of Members.

Section 13. Any conflict between one or more provisions of these Bylaws and one or more provisions of the Certificate shall be resolved in favor of the provision(s) set forth in the Certificate. Any conflict between one or more provisions of these Bylaws and one or more provisions of the Declaration shall be resolved in favor of the provision(s) set forth in the Declaration.

ARTICLE XIII GENERAL PROVISIONS

REPORT TO MEMBERS

Section 1. The Board must, when requested by Members entitled to cast at least one-third (1/3) of all of the votes of the entire membership or who are entitled to cast one-third (1/3) of the votes of the Class A Members, present written reports of the business and condition of the Association to the Members.

FISCAL YEAR

Section 2. The fiscal year of the Association shall be fixed by resolution of the Board.

ARTICLE XIV BOOKS AND RECORDS

Section 1. The books, records, and papers of the Association shall, at all times, during reasonable business hours, be subject to inspection by all Members or holders of first mortgage liens. The Declaration, the Certificate, and the Bylaws of the Association shall be available for inspection by any Member or holder at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XV INDEMNIFICATION

Section 1. The Association shall defend and indemnify any director or officer or former director or officer of the Association for expenses and costs (including attorneys' fees) actually and necessarily incurred by him in connection with any claim asserted against him, by action in court or otherwise, by reason of his being or having been such director or officer, except in relation to matters as to which he shall have been guilty of gross negligence or willful misconduct in respect of the matters in which indemnity is sought.

Section 2. If the Association has not fully indemnified him, the court in the proceeding in which any claim against such director or officer has been asserted or any court having the requisite jurisdiction of any action instituted by such director or officer on his claim for indemnity, may assess indemnity against the Association, its receiver, or trustee, for the amount paid by such director or officer in satisfaction of any judgment or in compromise of any such claim (exclusive in either case of any amount paid to the Association), and any expenses and costs (including attorneys' fees) actually and necessarily incurred by him in connection therewith to the extent that the court shall deem reasonable and equitable, provided, nevertheless, that indemnity may be assessed under this Section only if the court find that the person indemnified was not guilty of gross negligence or willful misconduct in respect of the matter in which indemnity is sought.

ARTICLE XVI
AMENDMENT

Section 1. These Bylaws may be altered, amended, or repealed by the vote of Owners representing at least seventy 70% of the votes in the Association at any regular meeting of the Members or at any special meeting, subject to the provisions of Article 9 of the Declaration.

ARTICLE XVII
DECLARANT CONTROL

Section 1. Notwithstanding anything contained herein to the contrary, the provisions of these Bylaws shall be subject and subordinate to the Declaration and the Texas Residential Property Owner's Protection Act (the "Act"). Subject to the Act, the Declaration provides for certain periods of Declarant control of the right to appoint and remove officers and directors of the Association.

IN WITNESS WHEREOF, we, being all of the Directors of The Escondido Homeowners Association, Inc., have hereunto set our hands this 15th day of September, 2006.

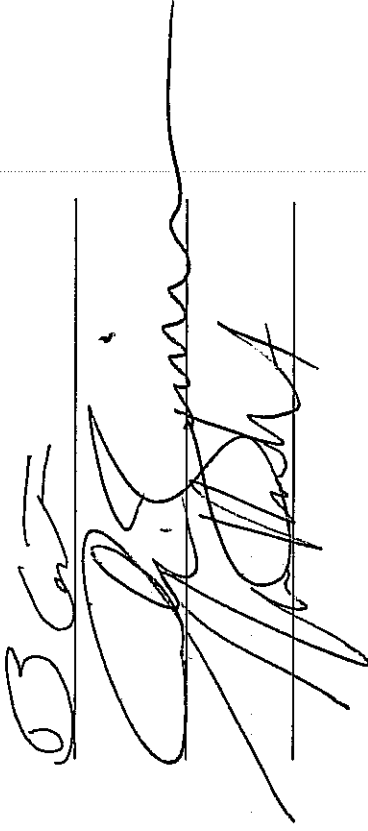


EXHIBIT E

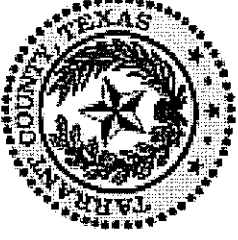
By its acquisition and ownership of a Lot in the Property, each Owner acknowledges that:

- (a) due to the topography of its Lot and the Property, water will, at times, flow through and over portions of its Lot from adjacent and surrounding Lots in order to achieve positive drainage away from all applicable Lots. No adverse action may be taken by said Owner(s) to the detriment of this positive drainage on its or adjacent Lots.
- (b) the property adjacent to Escondido is not owned or controlled by Declarant and it has hereby been advised to consult with the applicable departments of the City for any changes to and/or specific zoning information regarding its Lot, the Property and the zoning or proposed zoning of any adjacent property. It is also understood that there are no oral, written or implied representations or warranties regarding zoning or development of the Property or adjoining properties.
- (c) its Lot may have "back-to-front" of "front-to-back" drainage. There may be a swale or swales over various portions of its Lot due to this drainage situation. The depth and width of any swales will vary depending on the elevations of its and adjacent Lots. The front and the rear portions of its Lot will not be level and no adjustments to the depth or severity of any swales should be made due to cosmetic or aesthetic concerns. Any alterations made after closing to any swales by an Owner may impact the drainage as well as any foundation warranty that it may own.
- (d) its Lot falls under the jurisdiction of the Escondido Homeowners Association (the "HOA"), which requires mandatory affiliation thereto, including the payment of an annual fee (which may be payable on an annual basis) per Section 6.3 of the Declaration.
- (e) each Lot will be serviced by various providers for electrical, gas, telephone service, and cable service, and these service providers may utilize the utility easements and/or public rights-of-way throughout the Property.
- (f) it understands and agrees that neither Declarant nor Builder has any responsibility as to the present condition or future maintenance of any trees on its Lot. Furthermore, it is understood that neither Declarant nor Builder makes any assurances, implied or stated, in regard to the survival of any trees during the construction process of building and completing a Residence on its Lot. It also acknowledges that neither Declarant nor Builder has any liability for survival of trees either during construction or after a Residence is purchased and occupied on the Lot. It is further understood that each Owner assumes all responsibility for the maintenance and the condition of any trees on his Lot.
- (g) any modifications or additions to its Residence or any Structure on its Lot requires prior submittal to and approval of plans and specifications by the ACC pursuant to the Declaration. It is also understood that failure to so comply may result in the imposition of fines against the Owner and/or the removal of such modifications or additions at Owner's expense.
- (h) there is no prescribed time for the construction or marketing by Builder or Declarant of a Residence on any Lot or the Lot itself. It is also understood that Builder and Declarant make no assurances regarding any established period of time during which Lots near the model homes or trailers of any Builder will remain vacant since the use of such homes or trailers is of an indeterminate length of time.
- (i) it should direct any issues, concerns or questions regarding the Common Area or the Association to the Managing Agent, whose name can be obtained by contacting the Builder or Declarant.

SENDERA TITLE INC
8235 DOUGLAS AVE
#1220

DALLAS TX 75225

Submitter: SENDERA TITLE INC



SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 09/26/2006 03:15 PM

Instrument #: D206300874

OPR 43 PGS \$180.00

By: _____



D206300874

**ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.**