

**COVENANTS, CONDITIONS
&
RESTRICTIONS**

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE VILLAGES OF NORTSHORE

THIS DECLARATION is made on the 17th day of October, 1994, by NORTSHORE RESIDENTIAL, LTD., a Texas limited partnership, hereinafter referred to as the "Declarant".

WITNESSETH

WHEREAS, the Declarant is the owner of certain real property in the Town of Flower Mound, Denton County, Texas, which is described in Exhibit "A" attached hereto and made a part hereof (the "Property").

WHEREAS, Declarant desires to create an exclusive planned community known as the Villages of Northshore on the Property and such other land as may be added thereto pursuant to the terms and provisions of this Declaration;

NOW THEREFORE, the Declarant declares that the Property shall be held, sold and conveyed subject to the restrictions, covenants and conditions declared below, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Lot and other portions of the Property in order to maintain within the Property a planned community of high

standards. Such covenants shall be binding on all parties having any right, title or interest therein or any party thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Property" shall mean and refer to the real property described in Exhibit "A," and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to the this Declaration.

Section 2. "Association" shall mean and refer to the Villages of Northshore Homeowners Association, Inc., a Texas not-for-profit corporation established for the purpose set forth herein.

Section 3. "Lot" shall mean and refer to any plot of land indicated upon any recorded subdivision map of Property or any part thereof creating single-family homesites, with the exception of the Common Area and areas deeded to a governmental authority or utility, together with all improvements thereon.

Section 4. "Unit" shall mean and refer to any residential dwelling situated upon any Lot.

whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Northshore Residential, Ltd., its successors and assigns who are designated as such in writing by the Declarant, and who consent in writing to assume the duties and obligations of the Declarant arising after the applicable successor or assignee acquires Lots, with respect to the Lots acquired by such successor or assign.

Section 7. "Common Areas" shall mean and refer to that portion of the Property, if any, conveyed to the Association for the use and benefit of the Owners as well as any other areas of land, improvements or other property rights within the Property which are known, described or designated or which shall subsequently become known, described or designated as Common Areas intended for or devoted to the common use and enjoyment of the Owners, together with any and all improvements that are now or may hereafter be constructed thereon.

Section 8. "Common Maintenance Areas" shall mean and refer to the Common Areas, if any, and the entrance monuments, drainage facilities, detention ponds, right-of-way landscaping, and such other areas lying within dedicated public easements or right-of-way as deemed appropriate by the Board of Directors of the Association for the preservation, protection and enhancement of the property values and the general health, safety and welfare of the Owners.

Section 9. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for the Villages of Northshore, and any amendments,

annexations and supplements thereto made in accordance with its terms.

ARTICLE II
VILLAGES OF NORTSHORE HOMEOWNERS ASSOCIATION, INC.

Section 1. Establishment of Association. The formal establishment of the Villages of Northshore Homeowners Association will be accomplished by the filing of the Articles of Incorporation of the Villages of Northshore Homeowners Association with the Secretary of State for the State of Texas and the subsequent issuance by the Secretary of State of the Certificate of Incorporation of the Villages of Northshore Homeowners Association. Unless Declarant elects to form the Association sooner, the Association shall not be formed and the Articles of Incorporation for the Association shall not be filed with the Secretary of State for the State of Texas until seventy-five (75%) of the Lots have been sold to individual homeowners. Prior to the formation of the Association, Declarant will perform the maintenance obligations of the Association under this Declaration.

Section 2. Adoption of By-Laws. Bylaws for the Villages of Northshore Homeowners Association will be established and adopted by the Board of Directors of the Villages of Northshore Homeowners Association.

Section 3. Membership. The Declarant and every other Owner of a Lot shall be a member of the Association.

Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association.

Section 4. Funding. Subject to the terms of this Article, ~~Declarant, for each Lot owned by Declarant, hereby covenants to~~ pay, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Such assessments will remain effective for the full term (and extended term, if applicable) of this Declaration. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. However, such liens are and shall be subordinated pursuant to and as provided in Article II, Section 7 hereof. Each such assessment, together with interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successors in title of such Owner unless expressly assumed by them.

Section 5. Assessments.

(a) Units Owned by Class A Members. Subject to the terms of this Article, each Lot is hereby subject to an initial maximum maintenance charge of \$12.00 per month or \$144.00 per annum (until such maintenance charge shall be increased in the By-Laws of the Association), for the purpose of creating a fund to be designated and known as the "maintenance fund," which maintenance charge and assessment will be paid by the Owner or Owners of each

Lot in advance in monthly, quarterly, or annual installments, commencing as to all Lots upon establishment of the Association pursuant to Section 1 of Article II hereof. The rate at which each Lot will be assessed, and whether such assessment shall be payable monthly, quarterly, or annually, will be determined by the Board of Directors of the Association at least thirty (30) days in advanced of each affected assessment period. Said rate may be adjusted from time to time by the Board of Directors as the needs of the Association may, in the judgement of the Directors, require. The assessment for each Lot shall be uniform. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment has been paid for the assessment period.

(b) Units or Lots by Declarant. The Declarant shall pay the same assessment charged to other Owners so long as there is a Class B membership as set forth in Section 6.

(c) Purpose of Maintenance Fund. The Association shall establish a maintenance fund composed of Owners' annual maintenance assessments and shall use the proceeds of such fund in providing for normal, recurring maintenance charges for the Common Maintenance Areas for the use and benefit of all members of the Association. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for and replacing landscaping) and the improvements to such Common Maintenance Areas, such as Sprinkler systems, and private streets, if any, provided the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas; payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions, and conditions affecting the property to which the maintenance fund applies; payment of all reasonable and necessary expenses in connection with the collection and administration of policemen and watchmen, if any, caring for vacant lots; and doing any other thing

or things necessary or desirable in the opinion of the Board of Directors of the Association to keep the Property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that the judgment of the Board of Directors in the expenditure of said funds and the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith. The Association shall, in addition, establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements of the Common Maintenance Area. The fund shall be established and maintained out of regular annual assessments.

(d) Special Assessment for Working Capital Fund, Nonrecurring Maintenance and Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments for the purpose of

defraying, in whole or in part, the cost of any nonrecurring maintenance, or the acquisition, construction, reconstruction, repair, or replacement of a capital improvement upon any Common Maintenance Area, including fixtures and personal property related thereto, may be assessed. The Association shall not commingle the proceeds of such special assessment with the maintenance fund. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question.

Section 6. Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall bear interest from due date at the highest non-usurious rate of interest allowed by Texas law or 18% per annum, whichever is less. The Association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments on such terms as it may establish by duly adopted resolutions and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien retained herein against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Maintenance Area or abandonment of his property.

Section 7. Subordinated Lien to Secure Payment. To secure the payment of the maintenance charge and assessment established

hereby and to be levied on individual Lots as above provided, there is hereby reserved a lien for the benefit of the Association, said lien to be enforceable through appropriate proceedings at law or in equity by such beneficiary; provided, however, that each such lien shall be and is hereby specifically made secondary, subordinate, and inferior to all liens, present and future, given, granted, and created by or at the insistence and request of the Owner of any such Lot to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the improvement of any such Lot including without limitation the currently existing liens in favor of Overton Bank and Trust, N.A. and Grapevine Farm, Ltd.; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding, valid, and subsisting mortgage lien, said beneficiary shall give the holder of such mortgage sixty (60) days written notice of such proposed action, such notice, which shall be sent to the nearest office of the lienholder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such mortgage lienholder, the beneficiary shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such mortgage lien to the holder thereof. Sale or transfer of a Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale, foreclosure, or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the right to file

notices of liens in favor of such Association in the official records of Denton County, Texas.

Section 8. Voting Rights. The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be all Owners with the exception of Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B Member shall be the Declarant who shall be entitled to three (3) votes for each unoccupied Lot owned by it. The Class B membership shall cease and terminate upon the conveyance by Declarant of the last Lot owned by Declarant.

Notwithstanding any provision contained herein to the contrary, in the event of foreclosure of all or substantially all of the Lots owned by Declarant at the time of foreclosure, the rights of Declarant under this Declaration shall be transferred and assigned to the purchaser at the foreclosure sale without the necessity of any further action.

(c) Suspension. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to this Article or is otherwise in default hereunder or under the By-Laws or Rules and Regulations of the Association and such suspension shall apply to the proxy authority of the Voting Representative, if any.

Section 9. Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized herein shall be sent to all members, or delivered to their residences, not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of members or of proxies of Voting Representatives entitled to cast two-thirds (2/3) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at such subsequent meeting shall be two-thirds (2/3) of the quorum requirement for such prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (the quorum requirement being reduced for each such meeting). No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

ARTICLE III

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

Section 1. Purpose of Maintenance Fund. The Board, for the benefit of the owners, shall provide and shall pay out of the maintenance fund provided in Article II above the following:

(a) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Owners, if any.

(b) Care and preservation of the Common Maintenance Area.

(c) The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon ninety (90) days prior written notice to the managing party) and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager.

(d) Legal and accounting services.

(e) ~~A policy or policies of insurance insuring the~~ Association against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors, including a policy or policies of insurance as provided herein in Article IV.

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

(g) Such fidelity bonds as may be required by the By-Laws or as the Board may determine to be advisable.

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

Section 2. Powers and Duties of Board. The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the By-Laws of the Association:

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

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

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

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

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

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

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

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

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

Section 3. Board Powers Exclusive. The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the maintenance fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein.

Section 4. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner or other person or entity for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

ARTICLE IV

TITLE TO COMMON AREAS

Section 1. Association to Hold. The Association shall assume all maintenance obligations with respect to any Common Areas which may be hereafter established. Nothing contained herein shall create an obligation on the part of Declarant to establish any Common Area. Prior to the establishment of the Association, Declarant shall hold title to the Common Areas.

Section 2. Liability Insurance. From and after the date on which title to any Common Area vests in the Association, the Association shall purchase and carry a general comprehensive public liability insurance policy for the benefit of the Association and its members, covering occurrences on the Common Areas. The policy limits shall be as determined by the Board of Directors of the Association. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability endorsements or other appropriate provisions for the benefit of the members, Directors, and the management company and other insureds, as their interests may be determined.

Section 3. Condemnation. In the event of condemnation or a sale in lieu thereof of all or any portion of the Common Areas, the funds payable with respect thereto shall be payable to the Association and shall be used by the Association to purchase additional Common Areas to replace that which has been condemned or to take whatever steps that it deems reasonably necessary to repair

or correct any damage suffered as a result of the condemnation. In ~~the event that the Board of Directors~~ of the Association determines that the funds cannot be used in such a manner due to lack of available land for additional Common Areas or for whatever reason, any remaining funds may be utilized by the Association for the general maintenance fund.

ARTICLE V

EASEMENTS

Section 1. Utility Easements. As long as Class B membership shall be in effect, the Declarant hereby reserves the right to grant perpetual, nonexclusive easements for the benefit of the Declarant or its designees, upon, across, over, through and under any portion of the Common Area or any portion of any Lot outside of the permitted building area of such Lot, for ingress, egress, installation, replacement, repair, maintenance, use and operation of all utility and service lines and service systems, public and private, including, without limitation, cable television. Declarant, for itself and its designees, reserves the right to retain title to any such easements. Upon cessation of Class B membership, the Association shall have the right to grant the easements described herein.

Section 2. Declarant's Easement of Correct Drainage. Declarant hereby reserves a blanket easement on, over and under the ground within the

Property to maintain and correct drainage of surface waters and ~~other~~ erosion controls in order to maintain reasonable standards of health, safety, and appearance and shall be entitled to remove trees or vegetation, without liability for replacement or damage, as may be necessary to provide adequate drainage for any portion of the Property. Notwithstanding the foregoing, nothing herein shall be interpreted to impose any duty upon Declarant to correct or maintain any drainage facilities within the Property.

Section 3. Easement for Unintentional Encroachment. The Declarant hereby reserves an exclusive easement for the unintentional encroachment by any structure upon the Common Area caused by or resulting from, construction, repair, shifting, settlement or movement of any portion of the property, which exclusive easement shall exist at all times during the continuance of such encroachment as an easement appurtenant to the encroaching property to the extent of such encroachment.

Section 4. Entry Easement. In the event an Owner fails to maintain his Lot as required herein, or in the event of emergency repairs or to do work reasonably necessary for proper maintenance and operation of the Property, entry upon a Lot as provided herein shall not be deemed a trespass, and the Association shall not be liable for any damage so created unless such damage is caused by the Association's willful misconduct or gross negligence.

installation and maintenance of utilities, storm water retention/detention ponds, and/or a conservation area are reserved as may be shown on the recorded plat. Within these easement areas, no structure, plant or material shall be placed or permitted to remain which may hinder or change the direction or flow of drainage channels or slopes in the easements. The easement area of each Lot and all improvements contained therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible.

Section 6. Temporary Completion Easement. All Lots shall be subject to easement of ingress and egress for the benefit of the Declarant, its employees, subcontractors, successors and assigns, over and upon the front, side or rear yards of the Property as may be expedient or necessary for the construction, servicing and completion of dwellings and landscaping upon Lots adjacent to the Property, provided that such easement shall terminate twelve (12) months after the date such Lot is conveyed to the Owner by the Declarant.

Section 7. Easement for Fences, Landscaping and Sprinkler Systems. Declarant hereby reserves an easement to erect, install, maintain, repair, landscape and/or replace fences, walls and/or sprinkler systems on the Property which comprise the screening fences on the Property and features associated with such fences.

ARTICLE VI USE AND OCCUPANCY

All Lots and dwellings shall be used and occupied for single-family residence purposes. No Lot or dwelling may be used for

commercial, institutional or other non-residential purpose if such ~~use involves the attendance or entry of non-residents upon the Lot~~ or otherwise diminishes the residential character of the Lot or neighborhood. This prohibition shall not apply to "garage sales" conducted with prior written consent of the Association provided that no Owner shall conduct more than two (2) garage sales of no more than two (2) days duration each during any twelve (12) month period.

ARTICLE VII

PROPERTY RIGHTS

Section 1. Owners' Easement of Enjoyment. Every Owner shall have a right and easement in and to the Common Areas and a right and easement of ingress and egress to, from and through said Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to establish and publish rules and regulations governing the use of the Common Areas affecting the welfare of Association members;

(b) The right of the Association to suspend the right of use of the Common Areas and the voting rights of an Owner for any period during which any easement against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) The right of the Association, subject to the provisions hereof, to dedicate or transfer all or any part of the Common Areas, if any, to any public agency, authority or utility for such purposes and subject to the conditions as may be agreed by the Association. No such dedication or transfer shall be effective unless an instrument signed by Owners entitled to cast two-thirds (2/3) of the votes of each class of membership has been recorded agreeing to such dedication or transfer;

(d) All easements herein described are easements appurtenant to and running with the land; they shall at all times inure to the benefit of and be binding upon the Owners, and all of their grantees, and their respective heirs, successors, personal representatives and assigns, perpetually and in full force.

Section 2. Effect of Declaration. Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described or to this Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, restrictions and covenants were fully related and set forth in their entirety in said documents.

Section 3. Rezoning Prohibited. No Lot shall be rezoned to any classification allowing commercial, institutional or other non-residential use without the express, written consent of the

Association and Declarant (as long as Declarant owns any Lot subject to this Declaration), which may be withheld in Declarant's sole discretion. Declarant or the Association may enforce this covenant by obtaining an injunction against any unapproved rezoning at the expense of the enjoined party.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done which may be or may become an annoyance or nuisance to the neighborhood.

Section 2. Development Activity. Notwithstanding any other provision herein, Declarant and its successors and assigns shall be entitled to conduct on the property all activities normally associated with and convenient to the development of the Property and the construction and sale of the dwelling units on the Property.

Section 3. Temporary Structures. No structures of a temporary character, including, without limiting the generality thereof, any trailer, tent, shack, garage, barn, motor home or mobile home or other outbuilding, shall be used on any Lot at any time as a residence, either temporarily or permanently.

Section 4. Signs and Picketing. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Unit, fence or other improvement upon such Lot so as to be visible from public view except the following:

(a) For Sale Signs. An Owner may erect one (1) sign not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of the ground advertising the Property for sale.

(b) Declarant's Signs. Signs or billboards may be erected by the Declarant.

(c) Political Signs. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election.

In addition to the foregoing, to protect the safety and harmony of the community, no person shall engage in picketing on any Lot, easement, right-of-way or Common Area within or adjacent to the Property, nor shall any vehicle parked, stored or driven in or adjacent to the Property bear or display any signs, slogans, symbols, words or decorations intended to create controversy, invite ridicule or disparagement, or interfere in any way with the

exercise of the property rights, occupancy or permitted business activities of any Owner or Declarant.

Section 5. Campers, Trucks, Boats and Recreational Vehicles.

No campers, vans, pickup trucks, boats, boat trailers, recreational vehicles and other types of non-passenger vehicles, equipment, implements or accessories may be kept on any Lot unless the same are fully enclosed within the garage located on such Lot and/or said vehicles and accessories are screened from view by a screening structure or fencing and said vehicles and accessories are in an operable condition.

Section 6. Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose.

Section 7. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 8. Sight Distance and Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area

formed by the street boundary lines and a line connecting them at points twenty-five (25) feet from the intersection of the street boundary lines, or in the case of a rounded property corner, from the intersection of the street boundary lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street boundary line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 9. Parking. No vehicles, trailers, implements or apparatus may be driven or parked in the Common Maintenance Area or on any easement.

Section 10. Commercial or Institutional Use. No Lot, and no building erected or maintained on any Lot shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes.

Section 11. Building Standards. No building shall be erected or maintained on any Lot unless it complies with all applicable standards, including any governmental ordinances.

Section 12. Detached Buildings. No detached accessory buildings, including, but not limited to, detached garages and storage buildings, shall be erected, placed or constructed upon any Lot without prior consent of the Association or Declarant if the Association has not yet been formed.

Section 13. Fences. No fence, wall or hedge shall be erected or maintained on any Lot nearer to the street than the building setback lines for the front and side yards.

Section 14. Antennae, Satellite Dishes and Solar Collectors. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Lot unless such apparatus is erected and maintained in such a way that it is screened from view of any house erected on a Lot beside, behind or in front of such Lot.

Section 15. Chimneys. All fireplaces flues, smoke stacks, and spark arrestors shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the principal finish material of the exterior walls of the dwelling.

Section 16. Clothes Hanging Devices. Exterior clothes hanging devices shall not be permitted.

Section 17. Window Treatment. No aluminum foil, reflective film or similar treatment shall be placed on window or glass doors.

ARTICLE IX

ANNEXATION

Section 1. Annexation by Declarant. At any time during the initial term of this Declaration, the Declarant may, at its sole option, annex additional property to this Declaration to be subject to the terms hereof to the same extent as if originally included herein and subject to such other terms, covenants, conditions, easements and restrictions as may be imposed thereon by Declarant.

(a) Declaration of Annexation. Annexation shall be evidenced by a written Declaration of Annexation executed by Declarant setting forth the legal description of the property being annexed and the restrictive covenants to be applied to such annexed property.

Section 3. No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any other member to annex any property to this Declaration and no owner of property excluded from the Declaration shall have any right to have such property annexed thereto.

Section 4. 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 Article II, Section 6, the total number of Lots covered by the Declaration including all Lots annexed thereto shall be considered.

ARTICLE X

GENERAL

Section 1. Remedies. In the event of any default by any Owner under the provisions of the Declaration, By-Laws or rules and regulations of the Association, the Association and any Owner (including specifically Declarant) shall have each and all of the rights and remedies which may be provided for in this Declaration, the By-Laws and said rules and regulations, and those which may be available at law or in equity, and may prosecute any action or other proceedings against such defaulting Owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgement for the payment of the money and collection thereof, or for any combination of the remedies, or for any other relief. No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy.

All expenses of the Association in connection with any such actions or proceedings, including court costs and attorney's fees and other fees and expenses, and all damages, including the maximum rate of interest permitted by law but, with reference to any Lots financed by FHA insured loans, not in excess of the maximum rate of FHA loans at the time of delinquency, from the due date until paid, shall be charged to and assessed against

such defaulting Owner, and shall be added to and deemed part of respective maintenance assessment (to the same extent as the lien provided herein for unpaid assessments), upon the Lot and upon all of his additions and improvements thereto, and upon all of his personal property upon the Lot. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or any Owner.

Section 2. Term and Amendments. Unless amended in whole or in part as provided below: the covenants, restrictions and other provisions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded; and after the initial twenty-five (25) year period, the covenants, restrictions and provisions of this Declaration shall be automatically extended for successive periods of ten (10) years. Provided however, there shall be no ten (10) year extension if seventy-five (75%) of the votes outstanding shall have voted to terminate the covenants and restrictions of this Declaration and prior approval has been obtained from the Town of Flower Mound upon the expiration of the initial twenty-five (25) year period or any extension thereof, which termination shall be by

written instrument signed by seventy-five percent (75%) of the Owners and counter signed by a duly authorized representative of the Town of Flower Mound and properly recorded in the Denton County, Texas land records. This Declaration may be amended in whole or in part by an instrument signed by Declarant at any time prior to the formation of the Association. After the formation of the Association this Declaration may be amended in whole or in part at any time by an instrument signed by Owners constituting not less than seventy-five (75%) of the votes of the Association and countersigned by a duly authorized representative of the Town of Flower Mound. Any amendment must be recorded.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 4. Rights and Obligations. The provisions of this Declaration and the rights and obligations established hereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. By the recording of the acceptance of a deed conveying a Lot of any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Articles of Incorporation and By-Laws, as they may from time to time exist and/or be amended or terminated whether or not mention thereof is made in said deed.

(a) Appointment. Declarant shall designate and appoint an Architectural Control Committee (herein called the "Committee") composed of one or more, but not more than three individuals, each generally familiar with the residential community development design matters and knowledgeable about Declarant's concern for a high level of taste and design standards within the Addition. The Committee shall use its best efforts to promote and ensure a high level of taste, design quality, harmony and conformity throughout the Property consistent with this declaration. After no Class B membership exists the Association shall designate and appoint the Committee.

(b) Successors. In the event of the death, resignation or removal by Declarant of any member of the Committee, the remaining member(s) shall appoint a successor member. In default of such appointment Declarant shall have full authority to designate and appoint a successor. No member of the Committee shall be entitled to compensation for, or be liable for claims, causes of action or damages arising out of services performed pursuant to this declaration.

(c) Authority. No building, fence, wall or other structure shall be commenced, erected, placed, maintained or altered on any lot, nor shall any exterior painting of, exterior addition to, or alteration of such items be made until all plans specifications and a plat plan have been submitted to and approved in writing by a majority of the members of the Committee as to:

(i) quality of workmanship and materials, adequacy of site dimensions, adequacy of structural design, proper facing of main elevation with respect to nearby streets;

(ii) conformity and harmony of the external design, color, type and appearance of exterior surfaces and landscaping in

relation to the various parts of the proposed improvements and in relation to improvements on other lots in the Addition;

(iii) location with respect to topography and finished grade elevation and effect of location and use on neighboring lots, improvements and drainage arrangements; and

(iv) the other standards set forth within this declaration (and any amendments hereto) or matters in which the Committee has been vested with the authority to render a final interpretation and decision.

The Committee is authorized and empowered to consider, review and approve any and all aspects of construction and landscaping which may, in the reasonable opinion of the Committee, adversely affect the living enjoyment of one or more lot Owners or the general value of lots in the Addition.

(d) Procedure for Approval. Final plans and specifications shall be submitted in duplicate to the Committee. The plans and specifications shall show the nature, kind, shape, height, materials and location of all improvements. All roofing materials to be used on improvements constructed on Lots shall be submitted to the Committee for approval. The documents shall specify any requested variance from the setback lines, garage location or any other requirement set forth in this declaration. The Committee is authorized to request the submission of samples of proposed construction materials. At such time as the plans and specifications meet the approval of the Committee, one complete set of plans and specifications will be retained by the Committee and the other complete set of plans shall be marked as "Approved", signed by a majority of the Committee and return

to the Lot Owner or his designated representative. If disapproved by the Committee, one set of such plans shall be returned marked "Disapproved" and shall be accompanied by a reasonable statement of the reasons for disapproval, which statement shall be signed by a majority of the Committee. Any modification of the approved set of plans and specifications must again be submitted to the Committee for its approval. The Committee's approval or disapproval, as required herein, shall be in writing. If the Committee fails to approve or disapprove such plans and specifications within thirty (30) days after the date of submission, written approval of the matters submitted shall not be required and compliance with this Article shall be deemed to have been completed. In case of a dispute about whether the Committee responded within such time period, the person submitting the plans shall have the burden of establishing that the Committee received the plans. The Committee's receipt of the plans may be established by a signed certified mail receipt.

(e) Standards. The Committee shall have the sole discretion with respect to taste, design and all standards specified herein. One objective of the Committee is to prevent unusual, radical, curious, odd, bizarre, peculiar or irregular structures from being built in the Addition. The Committee shall also have the authority to require roof slope, to specify that fireplaces and chimney flues be covered with brick or masonry, to prohibit the use of light-weight composition roof material, to require the use of anodized aluminum divided light windows, and generally to require that any plans meet the standards of the existing improvements on neighboring lots. The Committee may from time-to-time publish and promulgate bulletins regarding architectural standards, which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of this declaration.

Section 6. Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

Section 7. Conflicts. In the event of conflict between the terms of this Declaration and the By-Laws, rules, regulations or Articles of Incorporation of the Association, this Declaration shall control.

Section 8. Failure of Association to Perform Duties. Should the Association fail to carry out its duties as specified in this Declaration, the Town of Flower Mound or its lawful agents shall have the right and ability, after due notice to the Association, to remove any landscape systems, features or elements that cease to be maintained by the Association; to perform the responsibilities of the Association if the Association fails to do so in compliance with any of the provisions of this Declaration or of any applicable Town codes or regulations; to assess the Association for all costs incurred by the Town in performing said responsibilities if the Association fails to do so; and/or to avail itself of any other enforcement actions available to the Town pursuant to state law or Town codes and regulations. Should the Town exercise its rights as specified above, the Association shall indemnify and hold harmless the Town of Flower Mound from any and all costs, expenses, suits,

demands, liabilities or damages, including attorney's fees and costs of suit, incurred or resulting from the Town's removal of any landscape systems, features or elements that cease to be maintained by the Association or from the Town's performance of the aforementioned operations, maintenance or supervision responsibilities of the Association due to the Association's failure to perform said duties.

Section 9. Voluntary Subordination by Lenders. Overton Bank and Trust, N.A. and Grapevine Farm, Ltd. each shall have the right (but not the obligation) to subordinate its lien to the provisions of the Declaration; provided, any such subordination shall not affect the superior priority of the Overton Bank and Trust, N.A. and Grapevine Farm, Ltd. liens, as compared to the liens in favor of the Association for unpaid assessments.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed on its behalf, attested and its corporate seal to be hereunto affixed as of the day and year first above written.

ATTEST:

DECLARANT:

NORTHSHORE RESIDENTIAL, LTD.,
a Texas limited partnership

By: LT REAL ESTATE CORPORATION,
a Texas corporation and General
Partner

By: J. Waymon Levell
J. Waymon Levell, President

STATE OF TEXAS

COUNTY OF _____

The foregoing instrument was acknowledged before me on this 10th day of 11/1994, 1994, by J. Waymon Levell as President of LT Real Estate Corporation., on behalf of said corporation in its capacity as general partner on behalf of Northshore Residential, Ltd., a Texas limited partnership.

Tamara L. Droste
Notary Public in and for the State
of Texas

