

This document combines the By-Laws, Articles of Incorporation and Declaration of Covenants, Conditions and Restrictions. It has been re-typed from the original documents and it is possible that typographical errors may exist. If any inconsistencies are noticed, please notify the CVHA so that corrections can be made.

By-Laws, Pages 1-14

Articles of Incorporation, Pages 15-19

Declaration of Covenants, Conditions and Restrictions, Pages 20-33

Latest corrections 5/05/09 – Formatting adjustments

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BY-LAWS
OF
COUNTRY VILLAS HOMEOWNERS' ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is COUNTRY VILLAS HOMEOWNERS' ASSOCIATION, hereinafter referred to as the "Corporation". The principal office of the Corporation shall be located in Dallas 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 of Directors.

ARTICLE II

DEFINITIONS

The following words, when used in these By-Laws, unless a different meaning or intent clearly appears from the context, shall have the following meanings:

Section 1. "Corporation" shall mean and refer to Country Villas Homeowners' Association, a Texas non-profit corporation.

Section 2. "Articles" shall mean and refer to the Articles of Incorporation of the Corporation.

Section 3. "Properties" shall mean and refer to the land and premises described in the Declaration (as hereinafter defined), and such additions thereto as may hereafter be brought within the jurisdiction of the Corporation by annexation as provided in the Declaration.

Section 4. "Common Properties" shall mean and refer to those areas of land designated as Common Properties on any recorded subdivision plat of the Properties, and intended to be devoted to the common use and enjoyment of the Members (hereinafter defined) of the Corporation, together with any and all improvements that are now or may hereafter be constructed thereon.

Section 5. "Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map of the Properties, together with any and all improvements that are now or may hereafter be constructed thereon, with the exception of the Common Properties and other areas reserved by the developer on such recorded plat of the Properties.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to EAGLE DEVELOPMENT OF TEXAS, INC., a Texas corporation, its successors and any assignee who shall receive by assignment from the said EAGLE DEVELOPMENT OF TEXAS, INC., all, or a portion, of its rights hereunder as such Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

Section 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in Volume 74096 Page 2094 of the Deed Records of Dallas County, Texas, and as the same may be amended or supplemented from time to time as therein provided.

Section 9. "Member" shall mean and refer to each Owner as provided herein in Article III.

Section 10. "PUD" shall mean and refer to this Planned Unit Development which consists of separately owned lots with contiguous or noncontiguous areas or facilities owned by the Association in which the owners of the lots have a membership interest. Title to the real estate under the dwelling units is held by the individual lot owners and not by the Association. The Association has title to and administers the common areas, and levies monthly charges against the lot owners for common area expenses. Membership in the Association cannot be severed from the ownership of an individual lot.

Section 11. "Unit" is the individual home, on its own lot, title to which is in the individual lot owner.

ARTICLE III

MEMBERSHIP

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

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

CLASS A. Class A Members shall be all Members with the exception of Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. The Class B Member(s) shall be Declarant. The Class B Member(s) shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership. When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, then the Class B membership shall cease and be converted into Class A membership. Notwithstanding any other provision of this Article, from and after May 1, 1980, the Class B Member(s) shall be entitled to only one vote for each Lot in which it holds the interest required for membership.

Section 3. The rights of membership are subject to the payment of annual and special assessments levied by the Corporation, 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 IV of the Declaration which is hereby incorporated herein and made a part hereof for all purposes.

Section 4. The membership rights of any person whose interest in a Lot is subject to the assessments referred to hereinabove in Article III, Section 3, whether or not he is personally obligated to pay such assessments, may be suspended by action of the directors during the period when such assessments remain unpaid; but, upon payment of such assessment, his rights and privileges shall be automatically restored. If, at any time, the directors shall have adopted and published rules and regulations governing the use of the Common Properties and facilities, and the personal conduct of Members, their families and their guests thereon, as provided in Article V, Section 3, they may, in their discretion, for violation of such rules and regulations by a Member or by his family or guests, suspend the rights of such Member and/or the person committing the violation, such suspension to continue for a period not to exceed sixty (60) days.

ARTICLE IV

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF THE COMMON PROPERTIES

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

Section 2. Any Member may delegate his rights of enjoyment in the Common Properties and facilities to the members of his family who reside upon the Properties. Such Member shall notify the Secretary of the Corporation in writing of the name of any such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension under Article III, Section 4 hereof, to the same extent as those of the Member. Any Member may also delegate the aforementioned rights of enjoyment to his guests, subject to any applicable rules and regulations that may be adopted from time to time by the Board of Directors of the Corporation.

ARTICLE V

DIRECTORS

Section 1. The number of directors of the Corporation shall be seven (7). 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 Corporation.

Section 2. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. 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 of Directors, 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 Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things which are not directed or required by statute or by the Articles or by these By-Laws or by the Declaration to be exercised and done by the Members. The power and authority of the Board of Directors 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 Properties and facilities and the personal conduct of the Members, their families and their guests thereon;
- (c) to declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (d) to employ managers, independent contractors, or such other employees of the Corporation as it may deem necessary, and to prescribe their duties;
- (e) to suspend the voting rights and right to use of the Common Properties of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations; 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 By-Laws, the Articles of Incorporation or the Declaration.

Section 4. It shall be the duty of the Board of Directors:

- (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 by vote;
- (b) to supervise all officers, agents and employees of this Corporation, and to see that their duties are properly performed;
- (c) as more fully provided therein and in the Declaration:
 - (1) to fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) to cause written notice of each assessment to be sent to every owner subject thereto at least thirty (30) days in advance of each annual assessment period;
 - (3) to collect the assessments assessed against each lot; and

(4) to foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;

(d) to issue, or to cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid;

(e) to procure and maintain insurance coverage in conformity with the following, to-wit:

(1) a policy of property insurance affording protection against loss and damage from fire and other hazards covered by the Standard Extended Coverage Policy in an amount equal to the full replacement value of the common areas owned by the Homeowners' Association with an agreed amount endorsement or its equivalent, a demolition endorsement or its equivalent, and, if necessary, an increase cost of construction endorsement or contingent liability from operation of the building laws endorsement or the equivalent, such insurance to afford protection against at least the following:

(aa) loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage; and

(bb) such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

(2) a comprehensive policy of public liability insurance covering all of the common areas and commercial spaces located in the "planned unit development" insuring the Owners Association with such limits as may be considered acceptable to first lien holder (not less than \$1,000,000 covering all claims for personal injury and/or property damage arising out of a single occurrence) such coverage to include protection against water damage liability, liability for non-owned and hired automobile, liability for property of others, and, if applicable: garage-keeper's liability, host liquor liability, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

(f) to cause the assessment proceeds to be expended for maintenance of the Common Properties and related activities consistent with the purpose of the assessment as described in Article V, Section 2 of the Declaration;

(g) to cause all officers or employees of the corporation having fiscal responsibilities to be bonded as follows, to-wit:

(1) the Owners Association of the "planned unit development" shall be required to maintain adequate fidelity coverage to protect against dishonest acts on the part of the officers, directors, trustees and employees of such association and all others who handle, or are responsible for handling funds of the Association. Such fidelity bonds shall meet the following requirements:

(aa) all such fidelity bonds shall name the Owners Association as an obligee; and

(bb) such fidelity bonus shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the planned unit development project, including reserves, unless a greater amount is required by the first lien holder; and

(cc) such fidelity bonds shall contain waivers of any defense bond upon the exclusion of persons who without compensation from any definition of "Employees" or similar expressions; and

(dd) such bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 15 days' prior written notice to the servicer of the first lien holder.

(h) to perform or cause to be performed the duties of the Architectural Control Committee in accordance with and subject to the terms and conditions set forth in the Declaration;

(i) to cause the Common Properties to be maintained; and

(j) to cause the exterior of the dwellings to be maintained as provided in the Declaration.

ARTICLE VI

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the Board of directors, regular or special, shall be held within Dallas county, Texas.

Section 2. The first meeting of each newly elected Board of Directors 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 legally to 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 of Directors, 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 of Directors, or as shall be specified in a written waiver signed by all of the Directors.

Section 3. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and house 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 of Directors shall be held when called by the President, or by any two directors. Written notice of special meetings of the Board of Directors shall be given to each director at least three (3) days before the date of the Meeting. The business to be transacted at any special meeting of the Board of Directors shall be specified in the notice or waiver of notice of the 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 of Directors, unless a greater number is required by the Articles. If a quorum shall not be present at any meeting of the Board of Directors, the

directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 6. Any action required or permitted to be taken at a meeting of the Board of Directors or a committee established by the Board of Directors 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 of Directors 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 Board of Directors 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 Corporation. The Nominating Committee shall be appointed by the Board of Directors 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 election to the Board of Directors 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 of Directors 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 of Directors, by resolution adopted by a majority of the whole Board, shall (i) appoint a Nominating Committee, as provided in these By-Laws, and (ii) designate representatives to perform the duties and exercise the authority of the Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors may appoint other committees, whose members need not be directors, as deemed appropriate in carrying out its purposes, such as:

- (1) A Recreation Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Corporation and shall perform such other functions as the Board, in its discretion, determines;
- (2) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Common Properties and shall perform such other functions as the Board, in its discretion determines;
- (3) A Publicity Committee which shall inform the Members of all activities and functions of the Corporation and may, after consulting with the Board of Directors, make such public releases and announcements as are in the best interest of the Corporation.

Section 2. Vacancies in the membership of any committee appointed by the Board of Directors, shall be filled by the Board of Directors at a regular or special meeting of the Board of

Directors. 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 of Directors, or any member thereof, of any responsibility imposed upon it or him by law.

Section 3. Members of committees shall hold office until their successors are chosen and qualify. Any officer or agent or member of any committee elected or appointed by the Board of Directors may be removed by the Board of Directors with or without notice, whenever, in its judgment, the best interest of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

ARTICLE IX

COMPENSATION OF DIRECTORS

Section 1. The directors of the Corporation and committee members shall serve without compensation. However, any director may be reimbursed for actual expenses incurred in the performance of his duties.

ARTICLE X

NOTICES

Section 1. Notices to directors and members or holders of first mortgage liens shall be in writing and delivered personally or mailed to the directors, Members and holders of first mortgage liens at their addresses appearing on the books of the Corporation. 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 Corporation, with postage thereon prepaid. Notice to directors may also be given by telegram and shall be deemed to be given when given to the telegraph company.

Section 2. Whenever any notice is required to be given to any Member, director or holder of a first mortgage lien under the provisions of any statute or of the Articles or of these By-Laws, 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, director or holder of a first mortgage lien at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express 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 Corporation shall consist of a President (who shall at all time be a member of the Board of Directors), one or more Vice Presidents, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices.

Section 2. The Board of Directors at the first meeting after each annual meeting of Members shall elect the officers of the Corporation.

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

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

Section 5. Each officer of the Corporation 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 of Directors may be removed by the Board of Directors without notice whenever in its judgment the best interests of the Corporation will be served thereby. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

THE PRESIDENT

Section 6. The President shall be the chief executive officer of the Corporation, shall preside at all meetings of the Members and the Board of Directors, shall have general and active management of the business of the Corporation, and shall see that all orders and resolutions of the Board of Directors 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 of Directors, 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 of Directors shall prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members and record all the votes and proceedings of the meeting of the members of the Corporation and of the Board of Directors 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 of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be. He shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors, 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 their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform such other duties and have such other powers as the Board of Directors 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 Corporation and shall receive and deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

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

Section 13. He shall sign all checks and promissory notes of the Corporation 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 delivery a copy of each to the Members. He shall cause an annual audit of the Corporation's books to be made by a public accountant at the completion of each fiscal year.

Section 14. If required by the Board of Directors, he shall, at the expense of the Corporation, give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, 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 corporation.

Section 15. The Assistant Treasurers in the order of their seniority, unless otherwise determined by the Board of Directors, 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 of Directors 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 Corporation in the County of Dallas, State of Texas, or at such other location within the County of Dallas, 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 Dallas 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 1976, shall be held on the Fourth Thursday of May if not a legal holiday, and if a legal holiday, then on the next calendar day following at 7:30 o'clock p.m., at which they shall elect by a plurality vote, which shall be by secret written ballot, a Board of Directors, and transact such other business as may properly be brought before the meeting.

Section 3. Special meetings of the Members may be called by the President, the Board of Directors 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 fifteen nor more than fifty days before the day of 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 purposes stated in the notice thereof.

Section 6. The presence at any meeting of members entitled to cast one-tenth (1/10) 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 Articles or these By-Laws. 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. At such adjourned meeting at which 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 Articles or these By-laws.

Section 8. Each Member may cast as many votes as he is entitled to exercise under the terms and provisions of the Articles 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 By-Laws or the Declaration. At each election for Directors, every Member 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 Articles, 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 Corporation are expressly prohibited from cumulating their votes in any election for directors of the Corporation.

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 express It 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 days prior to such meeting, shall be kept on file at the principal office of the Corporation 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 of Directors 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 corporation 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 if 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 By-Laws and one or more provisions of the Articles shall be resolved in favor of the provisions(s) set forth in the Articles. Any conflict between one or more provisions of these By-Laws and one or more provisions of the Declaration shall be resolved in favor of the provisions(s) set forth in the Declaration.

ARTICLE XIII

GENERAL PROVISIONS

REPORT TO SHAREHOLDERS

Section 1. The board of Directors 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 Corporation.

FISCAL YEAR

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

SEAL

Section 3. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, State of Texas." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE XIV

ASSESSMENTS

The rights of membership in the Corporation are subject to the payment of annual and special assessments levied by the Corporation, 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 in Article V of the Declaration, which is incorporated herein by reference and made a part hereof for all purposes.

ARTICLE XV

BOOKS AND RECORDS

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

ARTICLE XVI

INDEMNIFICATION

Section 1. The Corporation shall have the power to indemnify any director or officer or former director or officer of the Corporation for expenses and costs (including attorneys' fees) actual 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 negligence or misconduct in respect of the matters in which indemnity is sought.

Section 2. If the Corporation 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 Corporation, 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 Corporation), 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 finds that the person indemnified was not guilty of negligence or misconduct in respect of the matter in which indemnity is sought.

ARTICLE XVII

AMENDMENTS

Section 1. These By-Laws may be altered, amended or repealed at any regular meeting of the Members or at any special meeting of the Members if notice of such proposed action be contained in the notice of such special meeting, except that the Federal Housing Administration, the Veterans Administration, and the first lien holders shall have the right to veto amendments while there is Class B membership. Further, no amendment of the By-Laws shall be made to authorize meeting of the members of the Association be held outside of Dallas county, Texas, without first obtaining written consent from the City of Carrollton, Texas and the first lien holders.

IN WITNESS WHEREOF, we, being all the Directors of the COUNTRY VILLAS HOMEOWNERS' ASSOCIATION, have hereunto set our hands this 25th day of September, 1975.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of COUNTRY VILLAS HOMEOWNERS' ASSOCIATION, a Texas non-profit corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Corporation, as duly adopted at a meeting of the Board of Directors thereof, held on the 10th day of December, 1975.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this 10th day of December, 1975.

Secretary

Exhibit B

ARTICLES OF INCORPORATION
OF
COUNTRY VILLAS HOMEOWNERS' ASSOCIATION

We, the undersigned, natural persons of the age of twenty one years or more, at least two of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for a non-stock, non-profit corporation:

ARTICLE ONE

Definitions

The following words when used in these Articles of Incorporation, shall have the following meanings:

- (a) "Corporation" shall mean and refer to the corporation incorporated hereunder.
- (b) "Properties" shall mean and refer to the land and premises situated in Dallas county, Texas, and more particularly described by notes and bounds on Exhibit "A" attached hereto, and such additions thereto as may hereafter be brought within the jurisdiction of this Corporation by annexation as provided in the Declaration (as hereinafter defined).
- (c) "Declaration" shall mean and refer to that certain Declaration of covenants. Conditions and Restrictions applicable to the Properties and recorded or to be recorded in the office of the county clerk of Dallas County, Texas, and as the same may be amended or supplemented from time to time as therein provided.
- (d) "Common Properties" shall mean and refer to those areas of land designated as Common Properties on any recorded subdivision plat of the Properties and intended to be devoted to the common use and enjoyment of the Members (as hereinafter defined) of the Corporation, together with any and all improvements that are now or may hereafter be construed thereon.
- (e) "Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map of the Properties, as amended from time to time, which is designated as a lot therein and which is or is to be improved with a residential dwelling.
- (f) "Owner" shall mean and refer to every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by virtue of the Declaration to assessment by the Corporation, including contract sellers, but excluding persons or entities who hold an interest merely as security for the performance of an obligation.
- (g) "Members" shall mean and refer to each Owner as provided herein in Article Eight and Article Nine.
- (h) "Declarant" shall mean and refer to Eagle Development of Texas, Inc., its successors and any assignee who shall receive by assignment from the said Eagle Development of Texas, Inc., all, or a portion, of its rights hereunder as such Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

(i) "PUD" shall mean and refer to this Planned Unit Development which consists of separately owned lots with contiguous or noncontiguous areas or facilities owned by the Association in which the owners of the lots have a membership interest. Title to the real estate under the dwelling units is held by the individual lot owners and not by the Association. The Association has title to and administers the common areas, and levies monthly charges against the lot owners for common area expenses. Membership in the Association cannot be severed from the ownership of an individual lot.

(j) "Unit" is the individual home, on its own lot, title to which is in the individual lot owner.

ARTICLE TWO

The name of the corporation is COUNTRY VILLAS HOMEOWNERS' ASSOCIATION.

ARTICLE THREE

This Corporation does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of and to promote the health, safety and welfare of the residents of the Properties, and to preserve the beautification of the Properties, and for these purposes:

(a) Subject to the other provisions of these Articles of Incorporation, to borrow money and the 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 Corporation;

(b) To maintain unkept lands or trees;

(c) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in the Declaration, and reference to the Declaration is hereby made for all purposes;

(d) To fix, levy, collect and enforce payment by any lawful means, all charges or 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 Corporation, including any licenses, taxes or governmental charges which may be levied or imposed against the Common Properties or any other property owned by the Corporation;

(e) Insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of the Properties: provided, that no part of the net earnings of the Corporation shall inure to the benefit of or be distributable to any member, director or officer of the Corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation effecting one or more of its purposes), and no Member, director or officer of the Corporation, or any private individual, shall be entitled the share in the distribution of any of the corporate assets on dissolution of the Corporation; and provided, further, that no part of the activities of the Corporation shall be carrying on propaganda in order to influence legislation, or otherwise attempting to influence legislation, or otherwise attempting to influence legislation, or participating or intervening in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office.

ARTICLE FOUR

The address of the initial registered office of the Corporation is 2708 Meadowstone Court, Carrollton, Texas 75006 and the name of its initial registered agent at such address is M. W. Pollock.

ARTICLE FIVE

The period of duration of the Corporation is perpetual.

ARTICLE SIX

The business and affairs of the Corporation shall be managed by a Board of three (3) Directors, who need not be Members of the Corporation. The number of Directors may be changed by amendment of the By-Laws of the Corporation, but shall in no event be less than three (3) no more than nine (9). The names and addresses of the persons who are to act initially in the capacity of Directors until the selection of their successors are:

| NAME | ADDRESS |
|------------------|--|
| WALTER R. GAYNER | 4262 Campus Drive Newport Beach, CA 92660 |
| M. W. POLLOCK | 2708 Meadowstone Court Carrollton, TX 75006 |
| G. L. HOSBURG | 4262 Campus Drive Newport Beach, CA 92660 |

ARTICLE SEVEN

The name and street address of each Incorporator is:

| NAME | ADDRESS |
|---------------------|---|
| WILLIAM F. LOVELACE | 3318 Hwy 67 East. #201B Mesquite, TX 75150 |
| TED B. LYON | 3434 Hwy 67 East. #101 Mesquite, TX 75150 |
| JAMES P. WHEELER | 3434 Hwy 67 East. #101 Mesquite, TX 75150 |

ARTICLE EIGHT

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

ARTICLE NINE

The Corporation shall have two classes of voting membership:

CLASS A. Class A Members shall be all Members with the exception of Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. The Class B Member(s) shall be Declarant. The Class B Members(s) shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership. When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, then the Class B membership shall cease and be converted into Class A membership. Notwithstanding any other provision of this Article, from and after May 1, 1980, the Class B Members(s) shall be entitled to only one vote for each Lot in which it holds the interest required for membership.

ARTICLE TEN

When the Declaration requires that certain additions to the Properties be approved by this Corporation, such approval must be given by the Members as provided in Article Sixteen hereof.

ARTICLE ELEVEN

To the extent permitted by law, the Corporation may participate in mergers and consolidations with other non-profit corporations organized for the same purpose, PROVIDED that any such merger or consolidation must first have the assent of the Members as provided in Article Fifteen hereof.

ARTICLE TWELVE

The corporation shall have power to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, PROVIDED that any such mortgage must first have the assent of the Members as provided in Article Fifteen hereof.

ARTICLE THIRTEEN

The corporation shall have power to dedicate, sell or transfer all or any part of the common Properties to any public agency, authority or utility for public use, PROVIDED that no such dedication, sale or transfer shall be effective unless it shall have been assented to by the members as provided in Article Fifteen in accordance with the approval of the holders of first lien mortgages on PUD Units as provided in Article Twelve hereof.

ARTICLE FOURTEEN

The Corporation may be dissolved only with the assent of the Members as provided in Article Fifteen hereof and corporation must also obtain prior written consent from the City of Carrollton, Texas prior to dissolution.

ARTICLE FIFTEEN

(a) Subject to the provisions of Paragraph (c) of the Article, any action described in Article Tee, Article Eleven, Article Twelve, Article Thirteen, Article Fourteen and/or Article Fifteen hereof shall require the assent of two-thirds (2/3) of each class of Members who are voting in person or by proxy at a meeting duly called for that purpose, written notice of which shall be given to all Members at least fifteen (15) days in advance of the date appointed for the meeting. The notice shall set forth the purpose of such meeting. Further, the provisions of this Article as they relate to dissolution shall also require the prior written consent of the city of Carrollton, Texas.

(b) The quorum required for any action referred to in Paragraph (a) of this Article shall be as follows: At the first meeting called, the presence at the meeting of Members, or of proxies, entitled to cast sixty percent (60%) of the votes of each class of membership shall constitute a quorum. If a quorum is not present at the first meeting, a second meeting may be called, subject to the notice requirement hereinabove set forth, and a quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that if a quorum is not present at the first meeting, the second meeting shall be held within sixty (60) days following the first meeting.

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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COUNTRY VILLAS SUBDIVISION, CARROLLTON, TEXAS

THIS DECLARATION, made on the date hereinafter set forth by EAGLE DEVELOPMENT OF TEXAS, INC. hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the William Warner Survey, Abstract No. 1592, City of Carrollton, County of Dallas, and State of Texas, which is more particularly described as:

That certain tract of land situated in the William Warner Survey, Abstract No. 1592, Dallas County, Texas, being more particularly described as follows:

BEGINNING at an iron pin, said iron pin being at the point of intersection of the West line of Abstract No. 1592 and the South line of Keller Springs Road (60' R.O.W.):

THENCE North 89° 07' East along the South line of Keller Springs Road a distance of 1329.70 ft. to an iron pin for a corner;

THENCE South 0° 45' East a distance of 798.64 ft. to an iron pin for a corner;

THENCE South 89° 07'09" West a distance of 1332.72 ft. to an iron pin in said West line of Abstract No. 1592 for a corner;

THENCE North 0° 32'01" West along said West line of Abstract No. 1592 a distance of 798.60 ft. to the Point of Beginning and containing 24.406 acres.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I.

DEFINITIONS

Section 1. "Association" shall mean and refer to COUNTRY VILLAS SUBDIVISION, CARROLLTON, TEXAS, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contact sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

TRACT 1
A PART OF BLOCK L

Being a tract of land that is a part of the Common properties of the Country Villas Revised Addition to the City of Carrollton as recorded in Volume 74096, Page 2094 of the Deed Records of Dallas County, Texas and said tract being situated in the William Warner Survey, Abstract No. 1592, in Dallas County, Texas and being more particularly described as follows:

BEGINNING at a point for a corner in the South R.O.W. line of Keller Springs Rd. (80 ft. R.O.W.), said point being South 89° 07' West a distance of 97.50 ft. from the intersection of the South R.O.W. line of Keller Springs Road and the West R.O.W. line of Meadowstone Court (27 ft. R.O.W.), said point also being the Northwest corner of Lot No. 23 of Block E of the Country Villas Revised Addition;

THENCE South 0° 53' East a distance of 107.50 ft. to a point for a corner;

THENCE North 89° 07' East a distance of 97.50 ft. to a point for a corner;

THENCE South 0° 53' East a distance of 17.95 ft. to point for a corner and the beginning a circular curve to the right having a central angle of 66° 30", a radius of 10.0 ft. and a tangent of 6.61 ft.;

THENCE along said circular curve to the right a distance of 11.68 ft. to the point of reverse curvature of a circular curve to the left having a central angle of 73° 53', a radius of 50.0 ft. and a tangent of 37.60 ft.;

THENCE along said circular curve to the left a distance of 64.48 ft. to the point of reverse curvature of a circular curve to the right having a central angle of 66° 56'30", a radius of 10.0 ft. and a tangent of 6.61 ft.;

THENCE along said circular curve to the right a distance of 11.68 ft. to the point of tangency;

THENCE South 59° 07' West a distance of 8.37 ft. to a point for a corner;

THENCE North 30° 53' West a distance of 90.50 ft. to a point for a corner;

THENCE South 89° 07' West a distance of 14.0 ft. to a point for a corner;

THENCE South 59° 07' West a distance of 58.49 ft. to a point for a corner;

THENCE South 0° 53' East a distance of 5.77 ft. to a point for a corner;

THENCE South 30° 53' East a distance of 92.50 ft. to a point for a corner;

THENCE South 59° 07' West a distance of 23.58 ft. to a point for a corner and the beginning of a circular curve to the right having a central angle of 60°, a radius of 62.54 ft. and a tangent of 36.11 ft.;

THENCE along said circular curve to the right a distance of 65.49 ft. to the point of tangency;

THENCE North 60° 53' West a distance of 23.58 ft. to a point for a corner;

THENCE North 29° 07' East a distance of 92.50 ft. to a point for a corner;

THENCE North 0° 53' West a distance of 5.77 ft. to a point for a corner;

THENCE North 60° 53' West a distance of 58.49 ft. to a point for a corner;

THENCE South 89° 07' West a distance of 10.05 ft. to a point for a corner;

THENCE North 0° 53' West a distance of 122.38 ft. to a point for a corner in the South R.O.W. line of Keller Springs Road;

THENCE North 89° 07' East along the South R.O.W. line of Keller Springs Road a distance of 130.57 ft. to the Point of Beginning and containing 0.6527 acres (28,432 sq. ft.) of land.

TRACT 2
A PART OF BLOCK L

Being a tract of land that is a part of the Common Properties of the Country Villas Revised Addition to the City of Carrollton as recorded in volume 74096, Page 2094 of the Deed Records

of Dallas County, Texas and said tract being situated in the William Warner Survey, Abstract No. 1592, in Dallas County, Texas and being more particularly described as follows:

BEGINNING at a point for a corner in the East R.O.W. line of Meadowstone court (27 ft. R.O.W.), said point being South 0° 53' East a distance of 107.50 ft. from the intersection of the East R.O.W. Line of Meadowstone Court and the South R.O.W. line of Keller Springs Road (80 ft. R.O.W.), said point also being the Southwest corner of Lot No. 4 of Block E of the country Villas Revised Addition:

THENCE North 89° 07' East a distance of 97.50 ft. to a point for a corner;
THENCE North 0° 53' West a distance of 107.50 ft. to a point for a corner in the South R.O.W. line of Keller Springs Road;
THENCE North 89° 07' East along the South R.O.W. line of Keller Springs Road a distance of 12.80 ft. to a point for a corner;
THENCE South 0° 53' East a distance of 107.30 ft. to a point for a corner;
THENCE North 89° 07' East a distance of 115.99 ft. to a point for a corner;
THENCE South 29° 07' West a distance of 211.98 ft. to a point for a corner;
THENCE South 30° 45' East a distance of 94.24 ft. to a point for a corner;
THENCE South 29° 15' East a distance of 192.00 ft. to a point for a corner;
THENCE South 30° 52' 51" East a distance of 141.23 ft. to a point for a corner;
THENCE South 59° 07' 09" West a distance of 90.10 ft. to a point for a corner;
THENCE South 0° 52' 51" East a distance of 118.20 ft. to a point for a corner in the North R.O.W. line of Stone Creek Drive (32 ft. R.O.W.);
THENCE South 89° 07' West along the North R.O.W. line of Stonecreek Drive a distance of 12.80 ft. to a point for a corner;
THENCE North 0° 52' 51" West a distance of 107.50 ft. to a point for a corner;
THENCE South 89° 07' 09" West a distance of 97.50 ft. to a point for a corner;
THENCE North 0° 52' 52" West a distance of 17.95 ft. to a point for a corner and the beginning of a circular curve to the right having a central angle of 66° 56' 30" and a tangent of 6.61 ft.;
THENCE along said circular curve to the right a distance of 11.68 ft. to the point of reverse curvature of a circular curve to the left having a central angle of 73° 53', a radius of 50.0 ft. and a tangent of 37.60 ft.;
THENCE along said circular curve to the left a distance of 64.48 ft. to the point of reverse curvature of a circular curve to the right having a central angle of 66° 56' 30", a radius of 10.0 ft. and a tangent of 6.61 ft.;
THENCE along said circular curve to the right a distance of 11.68 ft. to the point of tangency;
THENCE North 59° 07' 09" East a distance of 8.37 ft. to a point for a corner;
THENCE South 30° 52' 51" East a distance of 90.50 ft. to a point for a corner;
THENCE North 89° 07' 09" East a distance of 14.0 ft. to a point for a corner;
THENCE North 59° 07' 09" East a distance of 85.38 ft. to a point for a corner;
THENCE North 30° 52' 51" West a distance of 222.0 ft. to a point for a corner;
THENCE South 59° 07' 09" West a distance of 90.57 ft. to a point for a corner;
THENCE South 0° 52' 51" East a distance of 13.86 ft. to a point for a corner;
THENCE South 30° 52' 51" East a distance of 85.50 ft. to a point for a corner;
THENCE South 59° 07' 09" West a distance of 8.37 ft. to a point for a corner and the beginning of a circular curve having a central angle of 66° 56' 30", a radius of 10.0 ft. and a tangent of 6.61 ft.;
THENCE along said circular curve to the right a distance of 11.68 ft. to the point of reverse curvature of a circular curve to the left having a central angle of 73° 53', a radius of 50.0 ft. and a tangent of 37.60 ft.;
THENCE along said circular curve to the left a distance of 64.48 ft. to the point of reverse curvature of a circular curve to the right, having a central angle of 66° 56' 30", a radius of 10.0 ft. and a tangent of 6.61 ft.;

THENCE along said circular curve to the right a distance of 11.68 ft. to the point of tangency;
 THENCE North 60° 52' 51" West a distance of 8.37 ft. to a point for a corner;
 THENCE North 29° 07' 09" East a distance of 85.5 ft. to a point for a corner;
 THENCE North 60° 52' 51" West a distance of 90.57 ft. to a point for a corner;
 THENCE South 29° 07' 09" West a distance of 124.50 ft. to a point for a corner;
 THENCE South 60° 52' 51" East a distance of 24.0 ft. to a point for a corner;
 THENCE South 29° 07' 09" West a distance of 94.50 ft. to a point for a corner;
 THENCE South 0° 52' 51" East a distance of 3.46 ft. to a point for a corner;
 THENCE South 60° 52' 51" East a distance of 59.65 ft. to a point for a corner;
 THENCE North 89° 07' 09" East a distance of 14.0 ft. to a point for a corner;
 THENCE North 29° 07' 09" East a distance of 90.50 ft. to a point for a corner;
 THENCE South 60° 52' 51" East a distance of 8.37 ft. to a point for a corner and the beginning of a circular curve to the right, having a central angle of 66° 56' 30", a radius of 10.0 ft. and a tangent of 6.61 ft.;
 THENCE along said circular curve to the right a distance of 11.68 ft. to the point of reverse curvature of a circular curve to the left having a central angle of 73° 53', a radius of 50.0 ft. and a tangent of 37.6 ft.;
 THENCE along said circular curve to the left a distance of 64.48 ft. to the point of reverse curvature of a circular curve to the right, having a central angle of 66° 56' 30", a radius of 10.0 ft. and a tangent of 6.61 ft.;
 THENCE along said circular curve to the left a distance of 11.68 ft. to the point of tangency;
 THENCE South 0° 52' 51" East a distance of 17.95 ft. to a point for a corner;
 THENCE South 89° 07' 09" West a distance of 97.50 ft. to a point for a corner;
 THENCE South 0° 52' 51" East a distance of 107.50 ft. to a point for a corner in the North R.O.W. line of Stonecreek Drive;
 THENCE South 89° 07' 09" West along the North R.O.W. line of Stonecreek Drive a distance of 5.0 ft. to a point for a corner;
 THENCE North 0° 52' 51" West a distance of 113.70 ft. to a point for a corner;
 THENCE North 60° 52' 51" West a distance of 76.24 ft. to a point for a corner;
 THENCE North 0° 52' 51" West a distance of 3.85 ft. to a point for a corner;
 THENCE North 30° 52' 51" West a distance of 94.50 ft. to a point for a corner;
 THENCE North 59° 07' 09" East a distance of 24.0 ft. to a point for a corner;
 THENCE North 30° 52' 51" West a distance of 139.04 ft. to a point for a corner;
 THENCE South 29° 07' East a distance of 119.83 ft. to a point for a corner and the beginning of a circular curve to the left having a central angle of 59° 27' 54", a radius of 89.54 ft. and a tangent of 51.14 ft.;
 THENCE along said circular curve to the left a distance of 92.93 ft. to a point for a corner;
 THENCE South 30° 53' East a distance of 97.50 ft. to a point for a corner;
 THENCE North 59° 07' East a distance of 90.57 ft. to a point for a corner;
 THENCE North 0° 53' West a distance of 13.86 ft. to a point for a corner;
 THENCE North 30° 53' West a distance of 85.50 ft. to a point for a corner;
 THENCE North 59° 07' East a distance of 8.37 ft. to a point for a corner and the beginning of a circular curve to the right having a central angle of 66° 56' 30", a radius of 10.0 ft. and a tangent of 6.61 ft.;
 THENCE along said circular curve to the right a distance of 11.68 ft. to the point of reverse curvature of a circular curve to the left having a central angle of 73° 53', a radius of 50.0 ft. and a tangent of 37.6 ft.;
 THENCE along said circular curve to the left a distance of 64.48 ft. to the point of reverse curvature of a circular curve to the right, having a central angle of 66° 56' 30", a radius of 10.0 ft. and a tangent of 6.61 ft.;
 THENCE along said circular curve to the left a distance of 11.68 ft. to the point of tangency;
 THENCE South 60° 53' East a distance of 8.37 ft. to a point for a corner;
 THENCE South 29° 07' West a distance of 95.50 ft. to a point for a corner;
 THENCE South 0° 53' East a distance of 13.86 ft. to a point for a corner;

THENCE South 60° 53' East a distance of 90.57 ft. to a point for a corner;
THENCE North 29° 07' East a distance of 222.0 ft. to a point for a corner;
THENCE North 60° 53' West a distance of 85.38 ft. to a point for a corner;
THENCE South 89° 07' West a distance of 11.0 ft. to a point for a corner;
THENCE South 29° 07' West a distance of 95.50 ft. to a point for a corner;
THENCE North 60° 53' West a distance of 8.3 ft. to a point for a corner and the beginning of a circular curve to the right having a central angle of 66° 56' 30" and a tangent of 10.0 ft. and a tangent of 6.61 ft.;
THENCE along said circular curve to the right a distance of 11.68 ft. to the point of reverse curvature of a circular curve to the left, having a central angle of 73° 53', a radius of 50.0 ft. and a tangent of 37.6 ft.;
THENCE along said circular curve to the left a distance of 64.48 ft. to the point of reverse curvature of a circular curve to the right, having a central angle of 66° 56' 30", a radius of 10.0 ft. and a tangent of 6.61 ft.;
THENCE along said circular curve to the right a distance of 11.68 ft. to the point of tangency;
THENCE North 0° 53' West a distance of 17.95 ft. to the Point of Beginning and containing 2.1250 acres (93,001 sq. ft.) of land.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common area and is equivalent to a Unit in the PUD.

Section 6. "Declarant" shall mean and refer to EAGLE DEVELOPMENT OF TEXAS, INC., its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "PUD" shall mean and refer to this Planned Unit Development which consists of separately owned lots with contiguous or noncontiguous areas or facilities owned by the Association in which the owners of the lots have a membership interest. Title to the real estate under the dwelling units is held by the individual lot owners and not by the Association. The Association has title to and administers the common areas, and levies monthly charges against the lot owners for the common area expenses. Membership in the Association cannot be severed from the ownership of an individual lot.

Section 8. "unit" is the individual home, on its own lot, title to which is in the individual lot owner.

ARTICLE II.

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Upon acquisition of title to a lot in the PUD, each purchaser will become a member of the Association and be entitled thereby to the nonseverable use and enjoyment of the common areas and facilities, subject to the Articles of Incorporation and By-Laws of the Association and subject to the provisions set out herein including:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the common Area:

(b) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment 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 to dedicate or transfer all or any part of the common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the property.

Section 3. Title to the Common Areas. Declarant shall dedicate and convey the fee simple title to the Common Area to the Association, free and clear of all encumbrances and liens, except utility easements, prior to the date of the conveyance of the first lot to an Owner.

Section 4. Encumbrances. The PUD's common areas and facilities may not be alienated, released, transferred, hypothecated, or otherwise encumbered without the approval of all holders of first mortgage liens on PUD Units.

Section 5. Parking Rights. Each Unit owner will have the right to the use, for at least one automobile of such space as is required within the common area.

Section 6. Owners Right to Ingress and Egress. There shall be no restriction upon any unit owner's right ingress to and egress from his unit.

Section 7. Owner's Right to Lease. There shall be the right to lease a PUD Unit by any Owner; however, any lessee shall be required to provide that the terms of the lease shall be subject in all respect to the provisions of the Declaration, Articles of Incorporation and the By-Laws, and that failure by lessee to comply with the terms of any of those documents shall be a default under the lease and all leases are to be in writing.

ARTICLE III.

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

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

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The class B membership shall cease and be converted to Class A membership on the happening of either the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on May 1, 1980.

Section 3. The failure of any owner to comply with the provisions of this Declaration, the By-Laws, and the Articles of Incorporation of the Association, as amended from time to time will give rise to a cause of action in the Owners Association and any aggrieved unit owner for the recovery of damages, or for injunctive relief, or both.

Section 4. Control of the Owners' Association shall be held by a majority vote of its members as said votes are set out in Section 2 of Article III.

Section 5. The Owners' Association at no time shall interfere or prevent the Declarant or his assigns from construction, sales, promotion, utilization of a temporary sales office or any other function necessary to the Declarant to completely develop COUNTRY Villas SUBDIVISION in accordance with the Declaration.

ARTICLE IV.

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the lien and Personal Obligation of Assessments. The Declarant, for each Lot owner within the Properties, hereby covenants and each Owner of any lot by acceptance of a deed therefore, whether or not it shall be so expresses in such deed, is deemed to covenant and agree to pay to the Association:

(1) Annual assessments or charges, and

(2) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. 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 property against which each such assessment is made. 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 property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

(3) Each unit and lot in the PUD is subject to mandatory assessment by the Owners Association for the maintenance and repair of the common areas and facilities, which upon default in payment thereof will become a lien against the unit and lot. Any such lien will be subordinate to the lien or equivalent security interest of any first mortgage on the unit and lot recorded prior to the date any such common expense assessments become due.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the common area and of the home situated upon the Properties.

Section 3. Maximum Annual Assessments. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$35.00 per Lot per month.

(a) From and after January 1 of the year immediately following the sale of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than three percent (3%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above three percent (3%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum For Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. As the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis. On each unsold Lot owned by Declarant, he shall pay twenty-five percent (25%) of the annual assessment which could be paid by a class A member owning the same Lot. In addition, Declarant shall pay a lump sum sufficient to support and maintain all the common area and amenities which are constructed should for some reason the assessments and fees paid by the owner and the Declarant's twenty-five percent (25%) of the annual assessment be insufficient to maintain and support the common area.

Section 7. Date of Commencement of Annual Assessments: The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The board of directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments of a specified Lot have been paid. The due date shall be established by the Board of directors, and, unless otherwise provided, the Association shall collect each month from the Owner of each Lot. Further, the Association shall establish a working capital deposit, wherein the Owner shall deposit at Closing, in accordance with the contract of sale, a minimum of two (2) monthly dues at Closing. The

Association shall use the deposits of Owner in the working capital account to offset any delinquency in Owner's annual or special assessments, if any.

Section 8. Effect of Nonpayment of Assessments: Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of this Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Effects of Foreclosures: Each holder of first mortgage lien on a unit who comes into possession of the unit by virtue of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, will take the unit and lot free of any claims for unpaid assessments and charges against the lot and unit which accrue prior to the time such holder comes into possession of the lot and unit, except for claims for a share of such assessments or charges resulting from a reallocation of such assessments or charges to all PUD units and lots including the mortgaged unit and lot.

ARTICLE V

ARCHITECTURAL CONTROL AND PROTECTIVE COVENANTS

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The Properties (and each Lot situated therein) and the Common Properties shall be occupied and used as follows:

Section 1. Residential Purposes Only. Each Lot shall be used exclusively for residential purposes, and garages, carports, and parking spaces shall be used exclusively for the parking of passenger automobiles, except as otherwise provided in this Section 1. Racing cars, trailers, boats, campers and trucks shall be parked or housed exclusively in garages and shall be hidden from public view.

Section 2. Obstructions, Etc. There shall be no obstruction of the Common Properties, nor shall anything be kept or stored in the common Properties, nor shall anything be altered, or constructed or planted in, or removed from the Common Properties, without the written consent of the Board.

Section 3. Restricted Actions by Owners. No owner shall permit anything to be done or kept on his Lot or in the Common Properties which will result in the cancellation of or increase of any insurance carried by the Association, or which would be in violation of any law. No waste shall be committed in the Common Properties.

Section 4. Signs. No sign of any kind shall be displayed to the public view on or from any part of the properties, without the prior consent of the Board, except signs temporarily used by Declarant or any Owner in the development, sale or leasing of Lots.

Section 5. Nuisances. Nothing shall be done in any part of the Properties, nor shall any noxious or offensive activity be carried on, nor shall any outside lighting or loudspeakers or other sound-producing devices be used, which, in the judgment of the Board, may be or become an unreasonable annoyance or nuisance to the other Owners.

Section 6. Attachments. No permanent attachments of any kind or character whatsoever (including, but not limited to, television and radio antennas) shall be made to the roof or walls of any home, unless such attachments shall have been first submitted to and approved by the Architectural Control Committee herein provided.

Section 7. Damage to the Common Properties. Each Owner shall be liable to the Association for any damage to the common Properties caused by the negligence or willful misconduct of the Owner or his family, guests, or invitees, to the extent that the damage shall not be covered by insurance.

Section 8. Rules of the Board. All Owners and occupants shall abide by any rules and regulations adopted by the Board. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association for all damages and costs, including attorneys' fees.

Section 9. Animals. No animals, livestock or poultry shall be raised, bred or kept in any portion of the Property except that dogs, cats or other household pets may be kept, but not for any commercial purposes, provided that they do not create a nuisance.

Section 10. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Waste of any nature shall not be kept on any part of the Properties except in sanitary containers.

ARTICLE VI.

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or resorptions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of then (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five (75%) percent of the Lot Owners. Any amendment must be recorded to be effective and this and any amendment under this section is subject to approval of the first lienholders.

Section 4. Transfer of a Lot. Transfer of a Lot or Unit automatically transfers membership in the Owners Association and all rights of the transfer with respect to the common areas and facilities to which ownership of such unit relates. The right of a unit owner to sell, transfer, or otherwise convey his unit will not be subject to any right of first refusal or any similar restriction in favor of the Owners Association.

Section 5. Fee Simple Estate. The legal estate of each Owner will be a fee simple estate.

Section 6. Lease Agreements. Any lease agreement between an Owner and a lessee shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Articles of Incorporation of the Association, and the By-Laws, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. Any lease given shall be in writing. Except for this section there shall be no restriction on the right of the owner to lease his unit.

Section 7. Notices. Any notice required to be given to any member or owner under the provisions of this Declaration shall be deemed to have been properly delivered when deposited in the United States mails, postage prepaid, addressed to the last known address of the person who appears as a member and Owner on the records of the Association at the time of such mailing.

Section 8. Disputes. Matters of dispute or disagreement between Owners with respect to interpretation or application of the provisions of this Declaration or application of the provisions of this Declaration of the By-Laws, shall be determined by the Board of Directors, which determination shall be final and binding upon all Owners.

Section 9. Declarant, his successors or assigns shall not be restrained and/or limited by the Association or any third party from carrying on their business of construction, selling and developing the vacant lots. Declarant may maintain a temporary or permanent sales office on said property until said property is fully developed.

ARTICLE VII.

EXTERIOR MAINTENANCE

In addition to the maintenance upon the Common area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, clearing gutters and downspouts, maintaining trees, shrubs, grass, walks, except for the owner's back yard and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In the event that the need for maintenance or repair is caused though the willful or negligent act of the Owner, his family or guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject.

ARTICLE VIII.

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the sole cost of furnishing the necessary protection against such elements.

Section 5. Right to contribute Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE IX.

EASEMENTS

Section 1. Utility Easements. Easements for installation, maintenance, repair and removal of utilities and drainage facilities and floodway easements over, under and across the Properties are reserved by Declarant for itself, its successors and assigns, and are subject to prior approval of the first lienholders. Full rights of ingress and egress shall be had by Declarant and its successors and assigns, at all times over the Properties for the installation, operation, maintenance, repair or removal of any utility together with the right to remove any obstruction that may be placed in such easement, or with the use, maintenance, operation or installation of such utility. Full rights of ingress and egress had by Declarant and its successors and assigns ceases to exist and dissolves after same loses control of the Owners' Association.

Section 2. Overhang Easements. Declarant hereby reserves for itself and each Owner an easement and right of overhang to overhang each Lot in the Properties with the roof of any home to be constructed on the Properties by Declarant as any such roof is originally constructed by Declarant, but not otherwise.

Section 3. Ingress and Egress by the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon each Lot for the maintenance and repair of each Lot in accordance with the provisions hereof, and for the carrying out by the Association of its functions, duties and obligations hereunder; provided, that any such entry by the

Association upon any Lot shall be made with as minimum inconvenience to the Owner as practical, and any damage caused thereby shall be repaired by the Association at the expense of the maintenance fund.

Section 4. Encroachments. In the event any portion of any unit encroaches upon the common areas and facilities, as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the PUD, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

ARTICLE X.

INSURANCE REQUIREMENTS

Insurance coverage shall substantially conform to the following requirements, to-wit:

(1) a policy of property insurance affording protection against loss and damage from fire and other hazards covered by the Standard Extended coverage Endorsement shall be obtained by the declarant or Owner of each Unit mortgaged in an amount at least sufficient to pay the mortgage balance in the event of a covered loss. Said policy shall contain a maximum of \$100 deductible clause applicable to either fire or extended coverage or both.

(2) to procure and maintain insurance coverage in conformity with the following, to-wit:

(1) a policy of property insurance affording protection against loss and damage from fire and other hazards covered by the Standard Extended coverage Policy in an amount equal to the full replacement value of the common areas owned by the Homeowners' Association with an agreed amount endorsement of its equivalent, a demolition endorsement or its equivalent, and, if necessary, an increase cost of construction endorsement or contingent liability from operation of the building laws endorsement of the equivalent, such insurance to afford protection against at least the following:

(a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage; and

(b) such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

(3) a comprehensive policy of public liability insurance covering all of the common areas and commercial spaces located in the "planned unit development" insuring the Owners Association with such limits as may be considered acceptable to first lien holder (not less than \$1,000,000 covering all claims for personal injury and/or property damage arising out of a single occurrence) such coverage to include protection against water damage liability, liability for non-owned and hired automobile, liability for property of others, and, if applicable: garagekeeper's liability, host liquor liability, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

(4) the Association shall cause all officers or employees of the Corporation having fiscal responsibilities to be bonded as follows, to-wit:

(1) the owners Association of the "planned unit development" shall be required to maintain adequate fidelity coverage to protect against dishonest acts on the part of the officers, directors, trustees and employees of such Association and all others who handle, or are

responsible for handling funds of the Association. Such fidelity bonds shall meet the following requirements:

(a) all such fidelity bonds shall name the Owners Association as an obligee; and

(b) such fidelity bonds shall be written in an amount equal to at least 150% of the estimated annual operating, expenses of the planned unit development project, including reserves, unless a greater amount is required by the first lien holder; and

(c) such fidelity bonds shall contain waivers of any defense bond upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and

(d) such bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 15 days' prior written notice to the servicer of the first lienholder.

IN WITNESS WHEREOF, EAGLE DEVELOPMENT OF TEXAS, INC., being the Declarant herein, has caused this instrument to be executed this 15th day of September, 1975.

EAGLE DEVELOPMENT OF TEXAS, INC.

ATTEST:

By:-----

Assistant Secretary

STATE OF TEXAS I
COUNTY OF DALLAS I

BEFORE ME, the undersigned authority, on this day personally appeared WALTER BY GAYNER of EAGLE DEVELOPMENT OF TEXAS, INC., a corporation, 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, in the capacity therein stated and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 15th day September, 1975.

Notary Public in and for
Dallas County, T E X A S