

AUG 24 2004

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SHALE HOA
DENTON AND WISE COUNTIES, TEXAS**

August 10, 2004

Development Deal Master

TABLE OF CONTENTS

| | |
|---|----|
| ARTICLE 1: <u>ESTABLISHMENT</u> | 5 |
| Section 1.1 Establishment of Covenants, Conditions and Restrictions | 5 |
| Section 1.2 Definitions | 5 |
| ACC | 5 |
| Assessments | 5 |
| Assessment Liens | 27 |
| Association | 6 |
| Board | 6 |
| Builder | 6 |
| Common Area | 6 |
| Declarant | 6 |
| Design Guidelines | 6 |
| Established Drainage Guidelines | 6 |
| HUD | 6 |
| Improvements | 7 |
| Lot | 7 |
| Managing Agent | 7 |
| Owner | 7 |
| Person | 7 |
| Phase | 7 |
| Plat | 7 |
| Property (-ies) | 7 |
| Protective Covenants | 7 |
| Residence | 7 |
| Reviewer | 7 |
| Screening Wall | 7 |
| Street | 7 |
| Structure | 8 |
| Supplementary Declaration | 8 |
| VA | 8 |
| Vehicle | 8 |
| ARTICLE 2: <u>USE PROVISIONS</u> | 8 |
| Section 2.1 Permitted Uses | 8 |
| Section 2.2 Prohibited Uses and Activities | 8 |
| ARTICLE 3: <u>CONSTRUCTION PROVISIONS</u> | 10 |
| Section 3.1 Plan Approval Required | 10 |
| Section 3.2 Establishment of ACC | 10 |
| Section 3.3 Approval Process | 11 |
| Section 3.4 Specific Construction Provisions | 13 |
| Section 3.5 Construction Materials | 20 |
| Section 3.6 Height Restrictions | 21 |
| Section 3.7 Roof Restrictions | 21 |
| Section 3.8 Construction Period and Process | 21 |

| | | |
|---|--|----|
| Section 3.9 | Declarant Rights | 22 |
| ARTICLE 4: <u>MAINTENANCE PROVISIONS</u> | | 23 |
| Section 4.1 | Owner's Obligation to Maintain | 23 |
| Section 4.2 | Damaged Improvements | 23 |
| Section 4.3 | Declarant/Association Right to Perform..... | 23 |
| Section 4.4 | Easement Maintenance | 23 |
| ARTICLE 5: <u>OWNER'S ASSOCIATION</u> | | 24 |
| Section 5.1 | Establishment | 24 |
| Section 5.2 | Voting Power | 24 |
| Section 5.3 | Officers | 25 |
| Section 5.4 | Dissolution | 25 |
| ARTICLE 6: <u>ASSESSMENTS</u> | | 26 |
| Section 6.1 | Power to Establish Assessments..... | 26 |
| Section 6.2 | Commencement of Assessments..... | 26 |
| Section 6.3 | Regular Annual Maintenance Assessments | 26 |
| Section 6.4 | Special Assessments | 27 |
| Section 6.5 | Liability for and Enforcement of Assessments..... | 27 |
| ARTICLE 7: <u>COMMON AREA</u> | | 29 |
| Section 7.1 | Right to Use Common Areas | 29 |
| Section 7.2 | Specific Facilities | 29 |
| Section 7.3 | Maintenance of Common Areas | 29 |
| Section 7.4 | Risk of Loss - Use of Common Areas | 29 |
| Section 7.5 | Conveyance of Common Area to Association | 30 |
| ARTICLE 8: <u>SPECIFIC DECLARANT RIGHTS</u> | | 30 |
| Section 8.1 | Rights to Annex | 30 |
| Section 8.2 | No Duty to Annex | 30 |
| Section 8.3 | Effect of Annexation on Class B Membership | 30 |
| Section 8.4 | Specific Declarant Rights to Amend Declaration | 30 |
| Section 8.5 | Easement/Access Right | 30 |
| Section 8.6 | Assignment of Declarant Rights | 31 |
| Section 8.7 | Declarant's Right to Install Improvements in Setback and Other Areas | 31 |
| Section 8.8 | Replatting or Modification of Plat..... | 31 |
| Section 8.9 | Limitation of Declarant Liability | 31 |
| Section 8.10 | Termination of Declarant's Responsibilities..... | 31 |
| ARTICLE 9: <u>MISCELLANEOUS PROVISIONS</u> | | 32 |
| Section 9.1 | Term and Renewal | 32 |
| Section 9.2 | Enforcement | 32 |
| Section 9.3 | General Easement for Encroachments, Access, Maintenance and Utilities | 33 |
| Section 9.4 | Amendment of Declaration | 33 |
| Section 9.5 | City Provisions | 33 |
| Section 9.6 | FHA/VA Approval | 33 |
| Section 9.7 | Notices..... | 33 |

| | |
|--|----|
| Section 9.8 Indemnification | 33 |
| Section 9.9 Severability | 33 |
| Section 9.10 Acceptance by Owners of Rights and Obligations..... | 33 |
| Section 9.11 Disclosure by Declarant..... | 34 |
| Section 9.12 Arbitration of Disputes Involving Declarant..... | 34 |

LIST OF DEFINED TERMS

| | |
|--------------------------------|----|
| ACC | 5 |
| Assessment Lien | 27 |
| Assessments | 5 |
| Association | 6 |
| Board | 6 |
| Builder..... | 6 |
| Common Area..... | 6 |
| Covenants..... | 6 |
| Declarant | 6 |
| Design Guidelines..... | 6 |
| Declaration..... | 6 |
| HUD | 6 |
| Improvements..... | 7 |
| Lot..... | 7 |
| Maintenance Assessment..... | 26 |
| Managing Agent..... | 7 |
| Owner | 7 |
| Person | 7 |
| Phase | 7 |
| Plat | 7 |
| Property | 7 |
| Protective Covenants..... | 7 |
| Residence..... | 7 |
| Reviewer..... | 7 |
| Screening Wall..... | 7 |
| Street | 7 |
| Special Assessments..... | 27 |
| Structure | 8 |
| Supplementary Declaration..... | 8 |
| VA..... | 8 |
| Vehicle..... | 8 |

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SHALE CREEK

STATE OF TEXAS

COUNTIES OF DENTON AND WISE

§
§
§

KNOW BY ALL THESE PRESENT:

This Declaration (herein so called) is executed effective as of August 6, 2004 by SHALE-114, L.P.

RECITALS:

A. Declarant is the owner of the real property in Denton and Wise Counties, Texas described on Exhibit A attached hereto, which Declarant is developing as an addition to be known as Shale Creek (the "Property").

B. Declarant desires to establish a planned residential community of single family detached homes on the Property and, accordingly, has executed this Declaration to impose the covenants, conditions, restrictions, and easements herein described upon the Property.

ARTICLE 1 ESTABLISHMENT

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

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

"ACC" means the architectural control committee established pursuant to this Declaration.

"Assessments" means the Maintenance Assessments and Special Assessments provided for in Article 6.

"Association" means the Shale HOA, Inc., a Texas non-profit corporation, or such other homeowners' association name selected and available at the time of formation and established as provided in this Declaration.

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

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

"Common Area" means those portions of the Property as described in or on the Plat that do not constitute Lots, Streets, roads, or alleys. Accordingly, the Common Area means those portions of the Property designated as such on the Plat, including any recreational centers or similar areas. The Common Area also includes: (i) any areas within the Property owned by the appropriate government, the Association, or any other governmental entity, but which are required to be maintained by the Association; (ii) any landscape, wall maintenance, pedestrian access or maintenance easements reflected on the Plat, required by the appropriate government or recorded by separate instrument; and (iii) those areas, if any, which are owned by an Owner, but on which are located monuments, signs, fences, landscaping, berms, sidewalks, irrigation systems or other improvements that may be maintained by the appropriate government or the Association. The Common Area shall also include all improvements on or to any portion of any of the areas described in the preceding sentence. Declarant shall at all times have and retain the right, but without obligation whatsoever, to effect minor redesigns or reconfigurations of the Common Area and to execute any open space declarations applicable to the Common Area which may be permitted in order to reduce property taxes, and to take whatever steps as may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.

"Declarant" means Shale-114, L.P. including any affiliate of any Partner thereof and any other person or entity who is designated as a successor Declarant in writing pursuant to the provisions of this Declaration.

"Declaration" shall mean to the Declaration of Covenants, Conditions, And Restrictions ("CC&R's") governing The Shale Creek Community or any Sub-Association as, recorded by the Declarant.

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

"Established Drainage Pattern"

The drainage pattern as engineered and constructed by a Builder prior to (or in some cases, immediately following) conveyance of title from a Builder to the individual homeowner.

"HUD" means the U.S. Department of Housing and Urban Development.

"Improvements" Any exterior changes, alterations or additions to a Lot from its condition at the time of purchase.

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

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

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

"Person" means any individual, corporation, Limited Liability Company, partnership or other entity of any kind or types whatsoever.

"Phase" means a particular phase developed upon the Property. Declarant may impose, as provided in Section 3.3(d), additional or different restrictions on each Phase. If Declarant annexes additional property into the Property as provided in Section 8.1, it may designate the area annexed as a particular Phase, and may impose, as provided in Section 3.3(d), additional or different restrictions on such area.

"Plat" means (i) initially, the Preliminary Plat, and thereafter the Final Plat, for any Phase of the Property submitted to and approved by the appropriate government, or any other applicable governmental entity; (ii) after the recording thereof, the final Plat for any Phase of the Property as recorded in the Records of Denton and Wise Counties, Texas; and, (iii) any replat of, or amendment to, the foregoing made by Declarant in accordance with this Declaration. The term "Plat" shall also include the final recorded plat of any additional property annexed into the Property pursuant to Section 8.1.

"Property (-ies)" Any asset, real or personal. An ownership interest.

"Protective Covenants" The Declaration and any Supplementary Declarations affecting Shale Creek as recorded by the Declarant.

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

"Reviewer" Architectural control and design for Shale Creek is handled by either (i) the Declarant or (ii) the Design Review Committee. The term "Reviewer", as used in these Design Guidelines.

"Screening Wall" Any wood or masonry fence or wall installed by the Declarant adjacent to major roads and/or thoroughfares.

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

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

"Supplementary Declaration"

Any Supplementary Declaration of Covenants, Conditions and Restrictions affecting a particular Shale HOA Filing as recorded by the Declarant.

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

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

**ARTICLE 2
USE PROVISIONS**

Section 2.1 Permitted Uses.

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

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

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

(d) **Temporary Structures.** Temporary structures, other than playhouses and those used during the initial construction of a residence, are not permitted.

(e) **Security doors and Windows.**
The ACC prior to installation must approve requests for security treatments for doors and windows; however, the use of "burglar bars", steel or wrought iron bars, or similar fixtures on the exterior of any windows or doors is strictly prohibited. ACC approval is not required for the addition of screen doors or other type doors to a home or an accessory building if the material matches or is similar to existing doors on the house and if the color is complementary to that of existing doors on the house.

Section 2.2 Prohibited Uses and Activities.

(a) **No Further Subdivision.** No Lot may be further subdivided without the written consent of the Declarant or the ACC. Lots may be combined for the purpose of constructing a single residence on more than one Lot only upon written approval of the Declarant or the ACC. Without regard to any such permitted subdivision or combination, the Lots involved shall continue to be treated as single individual Lots hereunder for all other purposes, including voting in the Association and assessing and collecting Assessments.

(b) **Parking and Vehicle Restrictions.** All Vehicles shall be parked, stored or placed so as not to be visible from any Street or from ground level view from an adjoining Lot, except for temporary parking in the driveway constructed on a Lot. On-Street parking shall be limited to temporary parking of guests or invitees of Owners during parties, delivery of services, and similar limited (no more than twelve (12) hours) time periods. Trucks with tonnage in excess of one ton and Vehicles with signage or advertising displays shall not be permitted to park overnight on the Streets, driveways, or other areas within the Property. No Vehicle that transports flammable or explosive cargo may be parked or stored within the Property. No inoperative or unlicensed Vehicles may be parked or stored, other than in an enclosed garage, within the Property. All work on Vehicles (other than routine maintenance) shall be performed only in an enclosed garage. The foregoing provisions shall not restrict the parking of trucks and other Vehicles as necessary in connection with construction of Residences or other Structures on Lots.

(c) **Specific Use Restrictions.** This Section shall not be construed so as to prohibit the conduct of a reasonable amount of in-home work, such as computer work or similar activities, provided that such work or activity does not involve the parking of Vehicles of employees, consultants, or other parties other than the occupants of the Residences in question, and does not involve the delivery or pick-up of any materials or services. Unless expressly permitted by the Declarant or the Board of the Association, no church may be maintained on the Property.

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

Dog runs require ACC approval on a case-by-case basis. Dog runs shall be located within side or rear yards in such a way that they are not visible to neighbors or, community open space. The ACC will evaluate the proposed location and size of the dog run with consideration given its impact on adjacent properties and streets. Generally, dog run areas should not exceed three hundred (300) square feet in size and fence height should not exceed five (5) feet. The use of underground invisible dog run fencing is encouraged on a case-by-case basis. The dog run fencing should be immediately adjacent to the home and compatible with the home in material and color. Galvanized chain-link fencing is prohibited. Dog runs shall be well screened from neighboring properties and streets with landscaping. "Dog kennels" are not permitted.

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

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

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

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

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

(j) **Changes in Grade.** Except for such changes as are reasonably necessary to facilitate construction of a Residence on a Lot, no Owner shall change the grade of any Lot except in compliance with all applicable laws. After Declarant has developed the Lots, the general grading, slope and drainage plan of a Lot may not be altered, and no dams, berms, channels or swales may be constructed or excavated without the prior written approval of Declarant (or the ACC), the City (if applicable) and other appropriate agencies having authority to grant such approval.

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

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

(m) **Temporary Structures.** Temporary structures, other than playhouses and those used during the initial construction of a residence, are not permitted.

ARTICLE 3 **CONSTRUCTION PROVISIONS**

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

Section 3.2 Establishment of ACC.

(a) **Initial Appointment.** The ACC shall consist of three (3) members; the Declarant shall appoint the initial members of the ACC.

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

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

Section 3.3 Approval Process.

(a) **Submission of Plans.** Any party wishing to construct a Residence or any Structure on the Property shall submit one (1) copy of complete plans and specifications in 8 ½" X 11" size or no larger than 11" X 17" to the ACC for its approval prior to commencing construction. Such plans and specifications shall include engineering information, landscaping description, and construction plans showing the location and elevations, square footage of the living area, brick percentage, roof pitch and floor plan showing garage area of the proposed Residence or Structure and the materials to be used in constructing the same, all in sufficient detail to enable the ACC to evaluate the proposed Structure or Residence. Please do not send electrical, plumbing or roofing plans. The ACC may request additional information, including samples of proposed materials to aid it in its decision process. After receipt of a complete set of plans and specifications, the ACC shall promptly review the same and notify the Person submitting whether it approves the plans or whether it requires changes thereto. Alternately, the ACC may disapprove a set of plans by so noting thereon and returning it to the Person submitting, accompanied by a statement of the reasons for disapproval. No construction shall be commenced on any portion of the Property unless and until the ACC or Declarant has approved the plans for the Residence or Structure in question in writing. Procurement of applicable permits from other governmental agencies is the responsibility of the Owner and shall be obtained prior to commencement of construction. Once begun, construction shall be completed expeditiously and in strict accordance with approved plans. No structure may be occupied until a certificate of occupancy has been issued by an authorized government authority.

(1) Hours of Operation.

Hours of operation shall be the time frames of when exterior construction is allowed. Which will be established by the Board of Directors.

(2) Construction Trailers, Shed, or Temporary Structures.

All construction trailers, sheds, or temporary structures require ACC approval prior to installation. All such shelters shall be removed upon completion of construction. Temporary living quarters for workmen are strictly prohibited.

(3) Sanitary Facilities.

The contractor shall be responsible for providing adequate sanitary facilities for construction workers. It is the obligation of all contractors and subcontractors to leave the project site free from trash, debris, unused materials and equipment. The ACC reserves the right to specifically assess any and all contractors, subcontractors, or Owners for clean-up cost.

(4) Construction Drainage.

The Owner shall provide temporary erosion control measures during the construction period as described above. Temporary barriers such as silt fences shall be utilized as needed. It is recommended that the Owner landscape slopes as soon as possible after grading has been completed to control erosion.

(5) Vehicles & Access.

All vehicles shall be parked so as not to impede traffic or damage surrounding natural landscape. The ACC may designate, at time of plan review or during construction, specific areas for the parking of construction workers' vehicles and/or

equipment. Washing of vehicles and/or construction equipment on streets within Shale Creek is prohibited.

(6) Utility Disruption.

If any telephone, cable TV, electrical, water, or other utility lines are cut, it is the offending party's obligation to report the incident to the ACC and the affected utility provider.

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

(c) Review Standards. The ACC, in reviewing and approving plans for construction of Structures or Residences, shall use commercially reasonable efforts to promote and ensure a high level of taste, design quality, aesthetic harmony, and conformity throughout the Property, consistent with the standards established by this Declaration and any Design Guidelines. **Where the condition imposed by and provision of these Design Guidelines are less restrictive than comparable condition imposed by an appropriate government agency where permit requirement or building code or regulation, the more restrictive provision shall govern.**

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

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

(f) Compliance With Plans. Contractors are responsible for complying with the approved construction plans, these Design Guidelines and the Tree Preservation Requirements and Streetscape Design Guidelines. If trash, debris, or spillage is not cleaned up, or damage to protected or improved areas is not repaired the ACC reserves the right to complete the cleanup or repairs needed and specifically assess all related costs to the contractor and/or Owner.

Contractors and Owners are encouraged to notify the ACC of any potential issues related to compliance with approved plans.

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

Section 3.4 Specific Construction Provisions.

(a) **Setbacks.** All Residences and other Structures shall be constructed in conformity with the setback requirements of the appropriate government agency having jurisdiction over the same and the building lines reflected on the Plat. The following setbacks must be observed:

- (1) **Front Yard.** Structures may not be closer than twenty feet (20') from the front property line.
- (2) **Side Yard.** Structures and equipment, including dwelling units, garages, swimming pools and walls may not be closer than five feet (5') from any side property line.
- (3) **Rear Yard.** Structures and equipment, including dwelling units and garages may not be closer than fifteen feet (15') from any back property line.
- (4) **Corner Lot.** Structures and equipment, including dwelling units and garages may not be closer than ten feet (10') from the side property line adjacent to the street(s) and five feet (5') from the side property line adjacent to another lot or common area.

(b) **Structure Size and Type.** Each Residence shall have the minimum number of square feet of enclosed air-conditioned area as set forth by the appropriate government agency and as set forth in Section 3.5. Each Residence shall be of new construction on a Lot and no mobile homes or manufactured

housing shall be permitted on the Property except on a temporary basis in connection with construction or sales activities.

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

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

Sidewalks shall be installed by the builder and shall have a medium broom finish, unless approved otherwise by the ACC.

Driveways shall be either concrete paved with a medium broom finish, stamped and colored concrete, or exposed aggregate concrete. Other materials require ACC approval.

Extension or expansion of driveways requires ACC approval prior to installation.

The ACC shall not approve such extensions or expansions intended for side yard parking or vehicle storage.

(e) **Windows.** Windows shall be of clear glass or a tinted glass of bronze, gray, and green or smoke color. The use of reflective glass or reflective tinting is prohibited.

(f) **Awnings and Overhangs.** The use of awnings and overhangs requires ACC approval prior to installation. The materials and colors shall be the same or generally recognized as being complementary to the exterior of the building and will be attached directly to the structure without requiring supporting columns or poles. Neither metal nor plastic awnings will be permitted.

(g) **Decks & Balconies.** ACC approval is required prior to the installation of a deck or balcony. Decks and balconies shall be constructed of wood or of a material similar to that of the residence and, if painted, shall be painted a color similar to or generally accepted as complementary to the residence. Decks and balconies shall be installed as an integral part of the residence. Any such decks or balconies shall be located so as not to obstruct or diminish the view from or create a nuisance for adjacent property owners. Construction shall not occur over easements and shall comply with the applicable Design Review procedures set forth in these CC & R's. Where the condition imposed by and provision of these Design Guidelines are less restrictive than comparable condition imposed by an appropriate government agency where permit requirement or building code or regulation, the more restrictive provision shall govern. Decks shall be no more than four (4) feet off the ground and shall be set back a minimum of five (5) feet from property lines. Views under decks shall be screened.

(h) **Patios.** ACC approval is required for the construction of patio covers, open patios, and enclosed patios. Freestanding patio covers are acceptable, as approved, as are roof extensions (loggias). Patio covers and posts shall be constructed of wood or of a material generally recognized as complementary to the residence and shall be similar to or generally recognized as complementary in color to the exterior color of the residence.

Open patios should be an integral part of the landscape plan and should be located so activities do not create a nuisance for adjacent property owners. The patio color shall be similar to or generally accepted as a color complementary to the color of the residence. Enclosed patios shall be constructed of materials that are similar to or generally accepted as complementary to those of the residence.

(i) Painting/Repainting.

ACC approval is required for any exterior painting or repainting of the home or its accessory improvements. The submittal shall contain the manufacturer's paint chips with name and code number. All exterior finishes should be in subdued earth tones such as gray, green, brown, muted blues or reds, or other similar colors. Generally, garage doors should be painted a muted color and blend with other colors of the home, as prescribed herein. Note: If painting home same or similar color ACC Approval is not required.

(j) Alterations, Additions and Expansions

ACC approval is required for any exterior alteration to, addition to, or expansion of a home. The architectural design and materials used in any and all exterior additions, alterations, or renovations shall conform to the original home's design intent with respect to style, detailing, and materials used in the initial construction, as prescribed herein.

(k) Accessory Structure Provisions. All ancillary Structures (as described below) shall conform to the requirements of this Section. ACC approval is required prior to construction of any accessory structure, including but not limited to sheds and permanently installed playhouses. Applications for accessory structures will be reviewed with regard to Lot size, setbacks, and primary building size. Accessory structures should serve as functional elements and enhance the aesthetic qualities and visual theme of Shale Creek. Accessory structures such as permanent storage sheds and gazebos shall be located in the rear yard or in a location not prominently visible from the street, and shall adhere to the standards herein. Storage sheds, and gazebos shall be architecturally compatible with the home. Accessory structures shall meet the following criteria:

- Accessory structures shall be of the same color, material, and architectural style as the main residence or of color, material, and style that is generally recognized as complementary to that of the main residence.
- An accessory structure's roofing materials shall match those of the main residence.
- Accessory structures shall be no larger than 8'x8', unless a variance is given
- Accessory structures shall conform to the side and rear yard setbacks.
- Accessory structures shall not unreasonably obstruct any adjacent neighbor's view.

Carports (non-fully enclosed automobile shelters) are prohibited.

(1) Antennae/Satellite Dishes. The erection, construction, placement or installation of any television, radio, or other electronic tower, serial, antenna, satellite dish or device of any type for the reception or transmission of radio or television broadcasts or for any means of

communication upon a Lot or upon any improvement thereon is prohibited except as provided for herein. This prohibition shall not apply to those antennae specifically covered by 47 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision) promulgated pursuant to the Telecommunications Act of 1996, as amended from time to time. The ACC or the Declarant shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. All television antennas and other antennas and aerials shall be located inside the attic of the residence constructed on the Lot. Amateur radio towers and antennas (whether for reception or transmission) are specifically prohibited. No exterior television, radio or other antenna of any type shall be placed, allowed or maintained upon any Lot, Residence, or Structure without prior written approval and authorization of the ACC. Satellite dishes larger than one (1) meter in diameter are prohibited. The satellite dish or antenna shall be placed in the rear or side yard in such a manner that it is screened from view from adjacent streets and neighboring properties.

(2) Fences and Walls. The installation of walls requires prior ACC approval. Walls should appear as extensions of the home's architecture and be complementary to the main structure. Walls may be used to enclose and define courtyards, extend and relate the building forms to the landscape, and provide security and privacy. All fences and walls (excluding retaining walls described in (6) below) shall be at least six (6) feet in height and shall have a maximum height of six feet (6), and shall be located in an area and constructed of materials in accordance with the provisions contained in any Design Guidelines. No fence or wall may be constructed, repaired, rebuilt, or relocated if it impedes or obstructs drainage. Low decorative walls that are part of the landscape design will be considered. Front yard landscape walls shall not exceed three (3) feet in height.

The Declarant reserves the right to mandate the use of wrought iron fencing where the Declarant deems necessary to ensure consistency and community design. Notwithstanding anything contained herein to the contrary, a 4' wrought iron fence will be mandatory on the property lines of lots that are adjacent to the common area flood plain and open space. These wrought iron fences will make up part of the back yard fencing on those lots backing to the flood plain and open space. Except for the wrought iron fence standard, all fences whether constructed by the Owner or the Builder, shall be maintained consistent with the community-wide standard. In the event a fence or wall is damaged or destroyed, the Owner shall repair or recondition the same at Owner's expense within three (3) weeks of the damage using materials of equal or greater value.

Pursuant to the CC&R's, the foregoing standards are intended as an aesthetic guide only. Neither the Declarant nor the ACC ensures the soundness, structural integrity, or effectiveness of retaining walls constructed in conformity with this section. Neither the Declarant nor the ACC shall be responsible for ensuring the structural integrity or soundness of any approved retaining wall.

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

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

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

(6) Retaining Walls. Retaining walls, other than those constructed by the Declarant, require prior written approval by the ACC to ensure conformity with the requirements contained in any Design Guidelines with respect to location, construction, and materials. The Owner / Builder of the "high side" property shall be responsible for installation of side property line retaining walls. Retaining walls shall not exceed four (4) feet in height, unless engineered by a licensed engineer in the State of Texas, there shall be a minimum of five (5) feet between adjacent walls, and walls shall be located so as not to alter established drainage patterns. Except for those built by Declarant or its affiliates, any retaining walls which generally face an alley or are either between Residences or along or adjacent to the side or rear property lines of Lots shall be constructed of ACQ treated lumber or stone materials unless the ACC has otherwise provided prior written approval. Except for those built by Declarant or its affiliates, any retaining walls which generally face a Street or are along or adjacent to the front property lines of Lots shall be constructed of stone materials unless the ACC has otherwise provided prior written approval.

Pursuant to the CC&R's, the foregoing standards are intended as an aesthetic guide only. Neither the Declarant nor the ACC ensures the soundness, structural integrity, or effectiveness of retaining walls constructed in conformity with this section. Neither the Declarant nor the ACC shall be responsible for ensuring the structural integrity or soundness of any approved retaining wall.

(7) Mailboxes. Mailboxes shall be of a design and constructed of materials approved by the ACC and shall conform to the standards of the United States Postal Service regulations and any Design Guidelines. The mailboxes shall be installed pursuant to the designs set forth by the United States Postal Service for "cluster mailboxes".

(8) Tennis Court/Swimming Pool/Recreational Facilities. A tennis court, swimming pool, spa and/or recreational facilities may be constructed within any Lot provided the plans are approved by the ACC prior to commencement of construction to ensure compliance with the

requirements contained in any Design Guidelines with respect to location and screening. The ACC will review requests for swimming pools and pool equipment on a case-by-case basis. Consideration will be given to, but not necessarily limited to, setback from and impact on neighboring properties and the size of the pool enclosure. Any Spa shall be located in the side or rear yard in such a manner that it is not immediately visible to adjacent property Homeowners. Spas should be designed as an integral part of the deck or patio area where they are located. Above ground pools are prohibited.

(9) Signage. The Master Developer shall have the right and privilege to develop and implement uniform signage specifications and requirements applicable throughout Shale Creek, including Builder "For Sale" signage and model home signage. Except for Declarant's signs, Existing homes for sale or for lease shall have no more than one temporary sign per Lot that advertises property, which stands no more than four (4) feet high, which has dimensions of no more than five (5) square feet, and which is conservative in color and style. Temporary signs may be displayed only while the Lot / home is for sale or lease and shall be removed when the property is no longer for sale or lease. A Builder "Sold" sign will be allowed until the closing of the home or lot to a third party.

Political signage is allowed so long as it strictly complies with the conditions set forth in any Design Guidelines as to number, location, when such signs are allowed prior to the election, and the time period after the election upon which the signs shall be removed. Spirit signs (announcing the involvement of teenagers in athletics or school programs) shall only be allowed if provided for and in strict compliance with any Design Guidelines. Such advertising and spirit signs shall be subject to approval of the ACC.

Trade signs, which include but are not limited to landscaping, painting, remodeling, etc., may only be displayed while work is in progress. The installation or relocation of all other signs requires ACC approval. The ACC may dictate a specific uniform size, style and color for such trade signs. All signs must be professionally produced and manufactured. **Each Owner hereby grants permission to the ACC (or its duly authorized agents) to enter upon a Lot or any part of the Property and remove any sign, billboard or advertising structure that does not comply with the above requirements and, in doing so, shall not be subject to any liability to any Person whatsoever for trespass, conversion, or any claim for damages in connection with such removal.** The ACC's cost to remove any sign shall be added to the Owner's assessment account, is payable upon demand and secured by the lien created in Article 6. Unauthorized signs placed by builders, trades, homeowners, or other parties, placed in or on right of ways, thoroughfares, collectors, Common Areas, will be prohibited. If a violation does occur the Declarant or ACC reserves the right to remove the sign.

Every Owner shall provide address numbers or sign incorporated into the

design of the residence and clearly visible from the street. Painting of address numbers on the street curb is prohibited. One security sign may be permitted in the front yard located either adjacent to the driveway or in close proximity to the front entrance of the main dwelling. The ACC may impose size, shape and color restrictions on security signs. No signs shall be erected on the roof of any structure.

The content, placement and appearance of all temporary signs are subject to ACC approval.

(10) Exterior Lighting. ACC approval is required prior to changing or adding exterior lighting. In reviewing lighting requests, the ACC will consider the visibility, style, location and quantity of the light fixtures. Landscape lighting fixtures shall be dark-colored so as to be less obtrusive and shall be as small in size as is reasonably practical. Low-voltage lighting is preferable to conventional house-voltage systems because of its safety advantages. All lighting shall be compatible with the architecture of the residence. All in ground up landscape lighting in the front yard (except porches) shall be mercury vapor and produce a "moonlit" effect. Exterior lighting shall not produce glare or direct illumination across a property line of an intensity that creates a nuisance or detracts from the use or enjoyment of adjacent property.

Lighting for walkways generally should be directed toward the ground.

(11) Air-Conditioning and Other Mechanical Equipment. ACC approval is required prior to the installation of air-conditioning equipment. Ground level air conditioning units shall be installed at street level only. All mechanical equipment, including air-conditioning equipment, shall be located in a side or rear yard only.

(12) Energy Conservation. The use of energy conservation techniques is encouraged when appropriate. Solar technology shall be screened from view from adjacent properties and the public right-of-way and must be approved by the ACC prior to installation. Site planning and landscape design for energy conservation is encouraged.

(13) Latticework. Attached latticework or garden trellis may be installed without approval, provided it is an integral part of the landscaping and complementary to the exterior materials of existing structures. Freestanding latticework will be considered as a Gazebo (see above).

(14) Play Structures. Play structures shall be located in the rear yard and set back a minimum of five (5) feet from property lines. Play structures shall be predominately muted earth tone colors and shall not exceed eight (8) feet in height. Playhouses larger than 30 sq. ft. or over six feet in height shall be considered an accessory structure.

(15) Recreational Equipment. Permanent freestanding, pole-

mounted basketball goals are not allowed in the front yard. Portable freestanding basketball goals are conditionally allowed if placed for play within the side or rear yard and properly stored out of public view when not in use. Placement and use of freestanding goals within the street right-of-way or cul-de-sack is prohibited. Approval is not required for the installation of recreational equipment in side and rear yards, so long as the equipment is no taller than seven (7) feet.

Owners should exercise consideration toward neighbors. Any recreational equipment shall be set back a reasonable distance from adjacent property lines so as to avoid disturbing neighbors.

(16) Yard Ornaments. Yard ornaments, including but not limited to, birdhouses, fountains, sculpture, statues, and banners require ACC approval.

(17) Hardscape Materials. All materials and construction should communicate high quality and craftsmanship. Specification for hardscape materials shall be subject to the approval of the ACC. The ACC may request samples of hardscape materials.

The Owner shall secure ACC approval prior to paving with any paving material, including without limitation concrete, asphalt, brick, flagstone, stepping stones, and pre-cast patterned or exposed aggregate concrete pavers, and for any purpose, including without limitation walks, driveways, or patios.

(18) Vegetable Gardens. ACC approval is not required if located in rear or side yards so that both the garden and its accessory operating areas are screened from view of adjacent homes, public areas and the. Vegetable gardens should not have excessive weeds, and plants should be removed at the end of each growing season. Tall plants, such as corn and sunflowers, shall be completely screened from view from adjoining properties and public right of ways.

(19) Sight Triangle Maintenance. Homeowners shall keep Property within traffic triangles free at all times of any object greater than 18 to 24" in height.

(20) Gazebos and Greenhouses

ACC approval is required prior to the construction of any gazebo or greenhouse. Any gazebo or greenhouse should be an integral part of the landscape plan.

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

(a) **Building Materials.** Except to the extent a higher percentage is required by the Appropriate governmental agency, the total exterior wall area (as used herein the term "total exterior wall area" shall exclude windows, doors, porches and gables)

of each building constructed or placed on a Lot shall be not less than sixty percent (60%) brick, stone, Portland cement stucco, masonry or other material approved by the Declarant. All areas above the height of the top of the standard height first (1st.) floor are not excluded from the calculation of the total exterior wall area. All materials shall be subject to approval by the ACC in accordance with the provisions in any Design Guidelines as to aesthetic appearance and shall conform to any and all governmental agency ordinances. Identical brick selections shall not be placed on homes unless it maintains one (1) unit between one another, whether on the same side of the street or on the opposite side of the street.

The following are prohibited except with the express written consent of the ACC:

- Metal structures such as sheds
- Metal as a building skin
- Mirrored glass
- Exposed cinder block
- Vinyl siding
- Pressed Masonite

(b) **Minimum & Maximum Livable Floor Area.** The total air-conditioned living area of the main residential structure constructed on each Lot, as measured to the outside of exterior walls but exclusive of open porches, garages, patios and detached accessory buildings, shall be as follows:

The **Minimum livable square footage on all lots shall be 1,200 square feet** with no Maximum square footage.

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

Section 3.7 Roof Restrictions. All roofs shall have at least a **5:12 pitch** on the main structure and on garage structures unless otherwise approved by the ACC. All roofing materials must be fireproof and conform to governmental agency requirements, and are subject to ACC approval. Asphalt shingles shall be minimum of three-ply 20-year architectural grade shingle or equivalent is required. The color of shingles needs to be "weatherwood" or similar color.

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

(a) **Utilities and Utility Easements.** Existing utilities and utility easements are located throughout Shale Creek. Prior to commencing construction, owners are responsible for locating and avoiding existing water, sewer, electrical and other utility lines or building over utility easements. **It is the responsibility of the Owner to repair or replace existing utilities damaged during work on his or her Lot.**

(b) **Landscaping.** All Lots shall be appropriately landscaped, including planting of grass and other plants in conformity with any Design Guidelines and other improvements on the Property. In addition to complying with governmental agency

requirements, all Lots with a Residence thereon shall include at least 1 tree with a two and one half-inch (2 ½ ") caliper in the area of the Lot between the front property line and the front building line. Homeowners are required to extend landscaping to the street curb or sidewalk where it is adjacent to the street. All landscaping shall be maintained in accordance with the requirements of the Declaration. Landscaping should consist of a combination of sodded turf areas and bed areas containing shrubs and ground cover. **Side, front and back yard areas shall be 100% irrigated and 100% sodded where there are no landscaping beds.** Large expanses of mulch or bed areas without substantial shrub or groundcover plantings are unacceptable. Stone or gravel mulch with harsh, unnatural or high contrast colors are prohibited.

(c) **Landscape Maintenance.** The following practices are suggested to help minimize maintenance problems:

- Plants should be chosen with regard to the region's climate and their ultimate size, shape and growth rates.
- Plants and irrigation heads shall be located out of the path of pedestrian/bicycle traffic.
- Irrigation systems should be maintained. Such maintenance should include draining and servicing sprinkler systems and conducting operational checks on a weekly basis to ensure proper performance of the system.
- Fertilization, weed and pest controls, etc. should be provided only as required for optimum plant growth.

(d) **Lot Grading.** Owners shall not grade their property in a manner that interferes with the established drainage pattern over any property, except as approved in writing by the ACC. Owners should work with the natural contours and seek solutions that minimize the impact of grading with respect to major alterations of existing grades. Grading shall not extend onto adjacent properties without approval of the Owners of those adjacent properties.

Berms, slopes and swales may be used to define spaces, screen undesirable views, and reduce noise and high winds but should not exceed three (3) feet of horizontal distance to one foot of vertical height (3:1 slope). This will permit greater ease of mowing and general maintenance. Extensive cut/fill slopes are discouraged. Fill slopes shall not exceed 3:1. Cut slopes may be 3:1 if the soil's natural angle of repose allows.

Terracing which utilizes retaining walls may be used where the space cannot accommodate the maximum slope, provided that retaining walls shall not exceed four (4) feet in height, with a minimum of five (5) feet between adjacent walls. Retaining wall locations are subject to ACC approval.

(e) **Drainage.** Existing and proposed drainage and grading shall be indicated on the Site Plan. **Owners shall not interfere with the established drainage pattern over any property except as approved in writing by the ACC.** Homeowners may make drainage modifications to their Lots provided that they do not alter the established drainage pattern. Landscape plans shall conform to the established drainage pattern, shall cause water to drain away from the foundation of the house, and shall prevent water from flowing under or ponding near or against the house foundation. Water shall flow fully over walkways, sidewalks or driveways into established retainage patterns. Obstruction of surface flows resulting in a backup of water onto any Lot or Tract is strictly prohibited. If

deemed necessary, the ACC may require a report from a drainage engineer as part of landscaping or improvement plan approval. As defined above, accepted erosion control measures shall be used during construction to reduce adverse silting impacts downstream.

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

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

ARTICLE 4 **MAINTENANCE PROVISIONS**

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

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

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

Section 4.4 Easement Maintenance. Each Owner grants to the Association, the Board, and the Declarant the right to access, repair, and maintain all facilities and improvements within any wall, entry, fence, landscape, or other similar easement as recorded on any Plat. By acquisition of a Lot, each Owner hereby grants, creates and conveys unto the Association, the other adjacent Owners and the Declarant a perpetual Drainage Easement (herein so called) over, through, under and across the Owner's Lot for the purpose of permitting runoff and/or storm water to drain from other adjacent Lots over, through, under and across the Owner's Lot(s). Without limiting the foregoing, in order to facilitate drainage from the Property subject to the Declaration over, through, under and

across the Owner's Lot, each Owner hereby agrees that the Declarant or the Association, as the case may be, shall have the right to enter onto the Owner's Lot at any time to (i) prevent possible interference with the Drainage Easement and to remove possible hazards from the Drainage Easement area, (ii) prevent the construction or placement of any building, structure or other obstruction within the Drainage Easement area which may endanger or interfere with the efficient and convenient use of the Drainage Easement, (iii) grade, improve, construct, reconstruct, repair and perpetually maintain swales within the Drainage Easement area, and (iv) or regrade portions of the Drainage Easement area necessary or appropriate to permit drainage as generally described herein or as approved or required by appropriate governmental authorities. Notwithstanding any of the foregoing rights of the Association or the Developer, each Owner hereby agrees to maintain the Drainage Easement area at such Owner's sole cost and expense. If any structures or other obstructions are constructed, created or placed by any Owner within the Drainage Easement area without the prior written consent of the Board or the Declarant, the Declarant or the Association shall have the right to remove such structure or obstruction at the sole cost of such Owner. **The cost to remove the structure or the obstruction shall be charged to the Owner's assessment account, be payable on demand, and shall be secured by the lien provided for in Article 6.**

ARTICLE 5 OWNER'S ASSOCIATION

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

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

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

(b) **Class B.** The Class B Member shall be the Declarant who shall be entitled to fifteen (15) votes for each Lot owned by Declarant. Subject to the conditions set forth in the remainder of this paragraph, the Class B membership shall be converted to Class A membership upon the earlier of (i) the total votes outstanding in the Class A membership equaling the total votes outstanding in the Class B membership, (ii) January 1, 2014 or (iii) the recording in the Records of **Denton and Wise Counties, Texas** of a notice signed by Declarant terminating the Class B membership. In determining the number of

Lots owned by Declarant for the purpose of Class B membership status hereunder, the total number of Lots covered by this Declaration, including all Lots annexed thereto in accordance with Section 8.1 herein, shall be considered. In the event the Class B membership has previously lapsed as provided in (i) above, but annexation of additional property restores the ratio of Lots owned by Declarant to the number required for Class B membership status, such Class B membership shall be reinstated until it expires pursuant to the terms hereof.

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

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

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

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

Section 5.4 Dissolution. So long as Declarant owns record title to any Lot, the Association shall not be dissolved. Once Declarant is divested of all ownership interest in the Property, the Association may be dissolved upon the written consent of Owners owning at least ninety percent (90%) of the Lots. Upon such dissolution, the assets of the Association shall be donated to a nonprofit organization with purposes similar to the Association and selected by a majority of the Board.

ARTICLE 6 **ASSESSMENTS**

Section 6.1 Powers to Establish Assessments. The Association is empowered to establish and collect Assessments as provided in this Article 6 for the purpose of obtaining funds to maintain the Common Area, perform its other duties, and otherwise preserve and further the operation of the Property as a first quality residential subdivision. The purposes for which Assessments may be used include, without limitation, maintaining, operating, managing, repairing, replacing or improving the Common Area or any improvements thereon; mowing grass and maintaining grades and signs; paying legal fees and expenses incurred in enforcing this Declaration; paying expenses incurred in collecting and administering assessments; paying insurance premiums for liability and fidelity coverage for the ACC, the Board and the Association; satisfying any indemnity obligation under the articles or bylaws; and for any other purpose that furthers or serves the interests of the Association. The Board may reject partial payments and demand payment in full of all amounts due and owing the Association. The Board is specifically authorized to establish a policy governing how payments are to be applied.

Section 6.2 Commencement of Assessments.

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

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

Section 6.3 Regular Annual Maintenance Assessments.

(a) **Annual Budget.** For each calendar year or a part thereof during the term of this Declaration, the Board shall establish an estimated budget of the expenses to be incurred by the Association for the forthcoming year in performing its duties. Based upon such budget, the Association shall then assess each Lot an annual fee (the "**Maintenance Assessment**") which shall be paid by each Owner in advance as follows: **quarterly on the first day of each January, April, July and October**, unless the Board determines a different schedule. The Association shall notify each Owner of the

Maintenance Assessment for the ensuing year by December 15 of the preceding year, but failure to give such notice shall not relieve any Owner from its obligation to pay Maintenance Assessments. Any Maintenance Assessment not paid within thirty (30) days of the date due shall be delinquent and shall thereafter bear interest as provided in Section 6.5(f). As to any partial year, Maintenance Assessments on any Lot shall be appropriately prorated.

(b) **Limits on Maintenance Assessments.** The initial Maintenance Assessment for each Lot shall not exceed 25 Dollars (\$25.00) per month. Thereafter the Board may increase the Maintenance Assessment annually to meet the anticipated needs of the appropriate budget, but the Maintenance Assessment may not be increased in any year by an amount in excess of twenty percent (20%) above the previous year's Maintenance Assessment, unless such increase is approved by a majority vote of those members of the Association present at a meeting, in person or by proxy, where a quorum exists.

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

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

Section 6.5 Liability for and Enforcement of Assessments.

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

(b) **Reservation, Subordination, and Enforcement of Assessment Lien.** Declarant hereby reserves for the benefit of itself and the Association, a lien (the "**Assessment Lien**") against each Lot to secure payment of (1) the Assessments imposed hereunder; (2) the payment of fines imposed under Section 3.3 (e) and Section 9.2 hereof or Section 3.18 of the By-Laws; (3) the cost to remove unauthorized signage under Section 3.4 (9) hereof; (4) the cost to perform a defaulting Owner's obligations under Section 4.3 hereof; (5) the cost to remove any structure or obstruction from the Drainage Easement area under Section 4.4 hereof; and (6) attorneys' fees incurred by the Association in collecting Assessments or other charges added to an Owner's account and to enforce the Declaration. Each Owner, by accepting conveyance of a Lot, shall be deemed to have agreed to pay the Assessments, along with fines, costs for remedial measures and attorneys' fees as herein provided for and to the reservation of the Assessment Lien. The Assessment Lien shall be subordinate to the liens of any valid first lien mortgage or deed of trust encumbering a particular Lot. Sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to a first mortgage or deed of trust foreclosure (whether by exercise of power of sale or otherwise) or any

proceeding in lieu thereof, shall only extinguish the Assessment Lien as to payments, which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from Liability and the Assessment Lien for any Assessments thereafter becoming due. The Assessment Lien may be non-judicially foreclosed by power of sale in accordance with the provisions of Section 51.002 of the *Texas Property Code* (or any successor provision) or may be enforced judicially. Each Owner, by accepting conveyance of a Lot, expressly grants the Association a power of sale in connection with the foreclosure of the Assessment Lien. The Board is empowered to appoint a trustee, who may be a member of the Board, to exercise the powers of the Association to non-judicially foreclose the Assessments Lien in the manner provided for in Section 51.002 of the *Texas Property Code* (or any successor statute). The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

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

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

(e) **Late Charges and Collection Fees.** If any Assessment or any part thereof remains unpaid after thirty (30) calendar days from and after the due date established by the Board, a late charge shall be assessed against the non-paying Owner for each month or any part thereof, that any portion of any Assessment remains unpaid. Should any Assessment be payable in installments, the Association is authorized to accelerate the entire Assessment and demand immediate payment thereof. The late charge shall be in the amount of Twenty-five and No/100 Dollars (\$25.00) per month. The Association's Managing Agent shall be entitled to charge an Owner a monthly collection fee to compensate Managing Agent for its administrative costs and efforts to collect and process the late payment of Assessments. A service charge in the amount of Twenty And No/100 Dollars (\$20.00) shall be charged for each check that is returned because of insufficient funds or any other reason. The amount of late charges and service charges may be adjusted, from time to time, by the Board consistent with any changes in the administrative costs to collect unpaid Assessments or the Association's bank charges. All late charges, collection fees, service charges and attorneys' fees assessed or incurred due to late payment of Assessments shall be charged to an Owner's Assessment account which shall be part of the delinquent Assessment and shall be payable and secured in the same manner as herein provided with regard to Assessments.

(f) **Interest on Past Due Amounts.** All Assessments past due more than thirty (30) days, unpaid fines and other amounts owed to the Association by any Owner which are not paid when due **shall bear interest from the date due until paid at the rate**

of eighteen percent (18%) per annum, but not in excess of the maximum rate allowed by applicable law.

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

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

(i) **Working Capital Contributions.** Upon acquisition of record title to a Lot by the first Owner other than Declarant or a Builder, a contribution shall be made by or on behalf of such first Owner to the working capital of the Association in an amount equal to 150 Dollars (\$150.00). This amount is not refundable, shall be in addition to, not in lieu of, the Maintenance Assessment levied on the Lot and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into escrow and disbursed there from to the Association or to the Declarant if the Association is not yet established and shall be used for covering operating and other expenses incurred by the Association pursuant to the terms of this Declaration and the bylaws of the Association.

(j) **Transfer Fees and Fees for Issuance of Resale Certificates.** The Board may, at its sole discretion, enter into contracts with third parties to oversee the daily operation and management of the association. These third parties may, and probably will, have fees, which will be charged to an Owner for the transfer of a significant estate or fee simple title to a Lot and the issuance of a Resale Certificate. The Association or its agent shall not be required to issue a Resale Certificate until payment for the cost thereof has been received by the Association or its agent. Transfer fees and fees for the issuance of a Resale Certificate are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments, and are in addition to the Working Capital Contribution in Section 6.5(i) above. This Section does not obligate the Board or any third party to levy such fees.

ARTICLE 7 COMMON AREA

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

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

Section 7.3 Maintenance of Common Areas. The Association shall be solely responsible for all maintenance, repair, replacement, and improvement of the Common Areas, utilizing the Assessments for such purposes as herein provided. Declarant shall

have no responsibility for maintenance, repair, replacement, or improvement of the Common Area after initial construction.

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

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

ARTICLE 8

SPECIFIC DECLARANT RIGHTS

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9

MISCELLANEOUS PROVISIONS

Section 9.1 Terms and Renewal. These Covenants shall commence on the date hereof and shall continue in effect for a period of thirty (30) years. Thereafter these Covenants shall automatically renew for subsequent periods of ten (10) years each unless Owners owning at least ninety percent (90%) of the Lots elect to terminate these Covenants by written instrument recorded in the Records of Denton and Wise Counties, Texas.

Section 9.2 Enforcement. The terms, provisions and conditions of this Declaration and any Design Guidelines shall be enforceable by Declarant, the ACC, the Association, and each Owner. **The Board shall have the power and authority to impose reasonable fines (which shall not exceed \$500.00 for each separate violation) for violation of this Declaration, any Design Guidelines or any rule or regulation of the Association, which shall constitute a lien upon the Lot of the violating Owner as provided in the Declaration, and to suspend the Owner's right to vote or any Person's right to use of the Common Area.** Each day the violation continues to exist shall constitute a separate violation. If any occupant, guest, or invitee of a Lot violates the Declaration, any Design Guidelines or a rule or regulation of the Association and a fine is imposed, the fine shall first be assessed against such occupant, guest, or invitee;

provided, however, if such occupant, guest, or invitee does not pay the fine within thirty (30) days after written demand for payment from the Association, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, any Design Guidelines or any rule or regulation of the Association shall not operate as a waiver of the right of the Board to do so thereafter.

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

Section 9.4 Amendment of Declaration. These Covenants may be amended by Declarant as provided in Section 8.4. In addition, the Declaration may be amended at any time and in any respect with the approval of Owners owning at least ninety percent (90%) of the Lots; provided, however, that no such amendment shall be effective unless joined in by Declarant until such time as Declarant no longer owns a Lot. In addition, so long as the Class B membership provided for in Section 5.2(b) exists, any amendment of these Covenants may, at Declarant's discretion, require the prior approval of HUD or VA.

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

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

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

Section 9.8 Indemnifications. Neither the Declarant, including any of its officers, directors, employees or agents, nor any officer, director or agent of the Association, nor any member of the ACC shall be liable to any Person, Owner or any person claiming by or through any Owner or otherwise for any act or omission in the performance of the duties of such Declarant or officer, director or agent of the Association, or member of the ACC except only if such act or omission should be judicially declared to constitute fraud or intentional willful misconduct. The Association shall and does hereby agree to indemnify the Declarant, including any of its officers, directors, agents or employees, the officers, directors and agents of the Association, and the members of the ACC against all claims,

demands, actions and proceedings and all expenses in connection therewith arising from the good faith exercise of their duties pursuant to this Declaration.

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

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

Section 9.11 Disclosure by Declarant. Attached hereto as **Exhibit D** are summaries of certain disclosures made in various forms to all purchasers of a Residence from Declarant, who, having made such disclosures to such purchasers of a Residence and having attached such summaries to this Declaration, shall be deemed to have fully made such disclosures to any Person acquiring title to any Lot and is hereby fully released and forever discharged by any Owner of a Lot from any further duty or obligation to make such disclosures.

Section 9.12 Arbitration of Disputes Involving Declarant.

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

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

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

(the remainder of this page is intentionally left blank)

Executed by Declarant as of the date set forth above.

Shale-114, L.P.,
a Texas limited partnership

By: Pars Investments,
a Texas corporation, its General Partner

By: *Mehrdad Moayed*
President

STATE OF TEXAS §
COUNTY OF TARRANT §

BEFORE ME, the undersigned authority, on this day personally appeared Mehrdad Moayed, President of Pars Investments, a Texas limited partnership and President of Shale-114, L.P., a Texas 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, as the act and deed of Shale-114, L.P., a Texas limited partnership, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 10th day of August, 2004.

Paula E. Krumwiede
Notary Public, State of Texas

My Commission Expires: 1-31-07

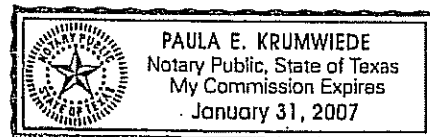


EXHIBIT A

Legal Description

BEING 330.362 acres of land situated in the SMITH COUNTY SCHOOL LAND SURVEY, ABSTRACT NUMBER 743 (WISE COUNTY), ABSTRACT NUMBER 1137 (DENTON COUNTY) and the WILLIAM WALLACE SURVEY, ABSTRACT NUMBER 1434 (WISE COUNTY), ABSTRACT NUMBER 1405 (DENTON COUNTY), Wise and Denton County, Texas and being all of that certain tract of land conveyed to LNW Real Estate, Ltd. According to the deed recorded in Volume 4484, Page 520, Volume 4484, Page 524, and Volume 4484, Page 528 Deed Records of Denton County, Texas and Volume 918, Page 280, Volume 918, page 284 and Volume 918, Page 288, Official Records of Wise County, Texas and being more particularly described as follows:

BEGINNING at a 60d nail found being the most easterly southeast corner of said LNW tract, said iron rod being the intersection of the centerline of County Line Road and the existing north right-of-way line of State Highway 114;

THENCE, South 49 degrees 02 minutes 12 seconds West, along the existing northerly right-of-way line of said State Highway 114, 172.14 feet to a ½" iron rod set with a red cap stamped "RPLS 2023" for corner;

THENCE, North 84 degrees 47 minutes 29 seconds West, continuing along the existing north right-of-way line of said State Highway 114, 419.65 feet to a ½" iron rod set with a red cap stamped "RPLS 2023" for corner, being the beginning of a curve to the left with a radius of 23,038.31 feet and a long chord bearing North 87 degrees 18 minutes 12 seconds West, 1878.29 feet;

THENCE, along said curve to the left and continuing along the existing north right-of-way line of said State Highway 114, passing through a central angle of 04 degrees 40 minutes 21 seconds an arc length of 1878.81 feet to a ½" iron rod set with a red cap stamped "RPLS 2023" for corner;

THENCE, North 89 degrees 44 minutes 11 seconds West, continuing along the existing north right-of-way line of said State Highway 114, 1064.36 feet to a concrete highway monument found for corner;

THENCE, North 89 degrees 37 minutes 18 seconds West, continuing along the existing north right-of-way line of said State Highway 114, 259.94 feet to a ½" iron rod set with a red cap stamped "RPLS 2023" for corner, being the southeast corner of said LNW tract;

THENCE, North 00 degrees 10 minutes 33 seconds East, along the most westerly west line of said LNW tract, 846.02 feet to a 4" fence post found for corner;

THENCE, South 89 degrees 16 minutes 23 seconds East, 1128.47 feet to a 3" fence post found for corner, being all corner of said LNW tract;

THENCE, North 00 degrees 36 minutes, 33 seconds East, along the most easterly west line of said LNW tract, 4,233.74 feet to a ½" iron rod found for corner;

THENCE, South 89 degrees 49 minutes 27 seconds East, 2,631.65 feet to a ½" iron rod found for corner, said iron rod being in the centerline of said County Line Road;

THENCE, South 00 degrees 38 minutes 19 seconds West, along the centerline of said County

Line Road, 5,077.66 feet to the POINT OF BEGINNING.

The tract of land herein described contains 330.362 acres of land.

(the remainder of this page is intentionally left blank)

EXHIBIT B

Articles of Incorporation

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Geoffrey S. Connor
Secretary of State

Office of the Secretary of State

CERTIFICATE OF INCORPORATION OF

Shale HOA
Filing Number: 800369408

The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above named corporation have been received in this office and have been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

Issuance of this Certificate of Incorporation does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 07/26/2004

Effective: 07/26/2004



A handwritten signature in black ink, appearing to read "G. Connor".

Geoffrey S. Connor
Secretary of State

PHONE(512) 463-5555
Prepared by: Andrea Titus

Come visit us on the internet at <http://www.sos.state.tx.us/>
FAX(512) 463-5709

TTY7-1-1

EXHIBIT C
BYLAWS
OF
SHALE HOA

ARTICLE I

OFFICES

Principal Office

1.01. The principal office of the Corporation in the State of Texas shall be located at **3901 Airport Freeway, Suite 200, Texas 76021**. The Corporation may have such officers, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

Registered Office and Registered Agent

1.02. The Corporation shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the Corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE 2

BOARD OF DIRECTORS

General Powers

2.01. The affairs of the Corporation shall be managed by its Board of Directors. Directors need not be residents of Texas.

Number, Election, Tenure and Qualification

2.02. The number of Directors shall be fixed by the Board of Directors. The number of Directors shall be at least three (3). Each Director shall hold office until the next regular annual meeting and thereafter until his or her successor shall have been elected and qualified, or until his or her earlier death, resignation or removal.

Regular Meetings

2.03. A regular annual meeting of the Board of Directors shall be held without notice other than as provided herein. The Board of Directors may provide by resolution the time and place, either within or without the State of Texas, for the holding of additional regular meetings of the Board without notice other than such resolution.

Special Meetings

2.04. Special meetings of the Board of Directors may be called by or at the request of the President. A special meeting of the Board of Directors shall be called by the Secretary whenever requested in writing by a majority of the Directors.

Notice

2.05. Notice of any special meeting of the Board of Directors shall be given at least three (3) days prior thereto by written notice delivered personally or sent by mail or telegram to each Director at his or her address as shown by the records of the Corporation. If mailed, such notice shall be deemed to be delivered two (2) days after deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of any meeting in writing. All such written waivers shall be filed with the minutes of such meeting. The attendance of a Director at any 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 because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these bylaws.

Quorum

2.06. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Manner of Acting

2.07. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

Vacancies

2.08. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors, shall be filled by the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in

office, or until his or her successor qualifies, or until his or her earlier death, resignation or removal.

Powers

2.09. No Director, officer or employee of this Corporation shall have the power to incur any indebtedness on behalf of the Corporation in excess of One Thousand Dollars (\$1,000.00) unless he or she has obtained advance authorization to do so by the Board of Directors.

Informal Action by Directors

2.10. Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Directors.

ARTICLE 3

OFFICERS

Officers

3.01. The officers of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including additional Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Election and Term of Office

3.02. The officers of the Corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as possible. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified.

Removal

3.03. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Vacancies

3.04. A vacancy in any office because of death, resignation, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

President

3.05. The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He or she shall preside at all regular and special meetings of the Board of Directors. The President may sign, without joinder of the Secretary or any other officer of the Corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws or by statute to some other officer or agent of the Corporation; and in general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Vice President

3.06. In the absence of the President or in the event of his or her inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in order of their election) shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, without joinder of the Secretary or any other officer of the Corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws or by statute to some other officer or agent of the Corporation. Any Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or Board of Directors.

Treasurer

3.07. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article 6 of these bylaws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors. The Treasurer shall make a written report of the finances of the Corporation at each regular meeting of the Directors, and at such other time as the Directors shall require.

Secretary

3.08. The Secretary shall keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; give all notices in accordance with the provisions of these bylaws or as required by law; be custodian of the corporate records; and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Assistant Treasurers and Assistant Secretaries

3.09. If required by the Board of Directors, the Assistant Treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurers and Assistant Secretaries in general shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the President or the Board of Directors.

ARTICLE 4

COMMITTEES

Committees of Directors

4.01. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees, each of which shall consist of two or more directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the Corporation. However, no such committee shall have the authority of the Board of Directors in reference to amending, altering, or repealing the bylaws; electing, appointing, or removing any member of any such committee or any Director or officer of the Corporation; amending the articles of incorporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings therefor; adopting a plan for the distribution of the assets of the Corporation; or amending, altering, or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed on it or him or her by law. Committees shall at all times remain subject to the control and supervision of the Board of Directors.

Other Committees

4.02. Other committees not having and exercising the authority of the Board of Directors in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be appointed by the President of the Corporation. Any members thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Corporation shall be served by such removal.

Term of Office

4.03. Each member of a committee shall continue as such until the next annual meeting of the Directors of the Corporation and until his or her successor is appointed, unless the Committee shall be-sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

4.04. One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.

Vacancies

4.05. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Quorum

4.06. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Rules

4.07. Each committee may adopt rules for its own government not inconsistent with these bylaws or with rules adopted by the Board of Directors.

ARTICLE 5

MEMBERS

5.01. The Corporation shall have members. The qualifications for members and the rights and obligations of members, including voting rights and obligations to pay assessments of the Corporation, are set forth in those certain Covenants, Conditions and Restrictions as amended, the terms and provisions of which are incorporated herein by reference for all purposes.

ARTICLE 6

CONTRACTS, CHECKS, DEPOSITS

Contracts

FUNDS

6.01. The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. such authority may be general or confined to specific instances.

Checks and Drafts

6.02. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such

determination by the Board of Directors, such instruments, all be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice President of the Corporation.

Deposits

6.03. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

Gifts

6.04. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation.

ARTICLE 7

INDEMNIFICATION

Persons

7.01. The Corporation shall indemnify to the extent provided in Sections 7.02, 7.03 or 7.04 of this Article:

- (1) Any person who is or was a Director, officer, agent or employee of the Corporation; and
- (2) Any person who serves or served at the Corporation's request as a Director, officer, agent, employee, partner or trustee or another corporation, or of a partnership, joint venture, trust or other enterprise.

Extent in Derivative Suits

7.02. In case of a suit by or in the right of the Corporation against a person named in Section 7.01 by right of his or her holding a position named in Section 7.01, the Corporation shall indemnify him, if he or she satisfies the standard in Section 7.03, for expenses (including attorneys fees, but excluding amounts paid in settlement) actually and reasonably incurred by him or her in connection with the defense or settlement of the suit.

Standard in Derivative Suits

7.03. In case of a suit by or in the right of the Corporation, a person named in Section 7.01 shall be indemnified only if:

- (1) He or she is successful on the merits or otherwise; or
- (2) He or she acted in good faith in the transaction which is the subject of the suit, and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation. However, he or she shall not be indemnified in

respect of any claim, issue or matter as to which he or she has been judged liable for gross negligence or willful misconduct in the performance of his or her duty to the corporation unless (and only to the extent that) the court in which the suit was brought shall determine, upon application that despite the adjudication, but in view of all the circumstances, he or she is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper or if the person is found liable on the basis that personal benefit was improperly received by him or her.

Extent in Non-Derivative Suits

7.04. In case of a suit, action or proceeding (whether civil, criminal, administrative or investigative), other than a suit by or in the right of the Corporation, together hereafter referred to as a non-derivative suit, against a person named in Section 7.01 by reason of his or her holding a position named in Section 7.01, the Corporation shall indemnify him or her, if he or she satisfies the standard in Section 7.05, for amounts actually and reasonably incurred by him or her in connection with the defense or settlement of a non-derivative suit as:

- (1) Expenses (including attorneys fees);
- (2) Amounts paid in settlement;
- (3) Judgments; and
- (4) Fines.

Standard in Non-Derivative Suits

7.05. In case of a non-derivative suit, a person named in Section 7.01 shall be indemnified only if:

- (1) He or she is successful on the merits or otherwise; or
- (2) He or she acted in good faith in the transaction which is the subject of the non-derivative suit, and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Corporation. However, he or she shall not be indemnified in respect of any claim, issue or matter as to which he or she has been adjudged liable for gross negligence or willful misconduct in the performance of his or her duty to the Corporation unless (and only to the extent that) the court in which the suit was brought shall determine, upon application, that despite the adjudication, but in view of all the circumstances, he or she is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper or if the person is found liable on the basis that personal benefit was improperly received by him or her.

Determination That Standard Has Been Met

7.06. A determination that the standard of Section 7.03 or Section 7.05 has been satisfied may be made by a court, or, except as stated in Section 7.05(2), the determination may be made by:

- (1) a majority of the Directors of the Corporation (whether or not a quorum) who were not parties to the action, suit or proceeding; or
- (2) independent legal counsel in a written opinion.

Proration

7.07. Anyone making a determination under Section 7.06 may determine that a person has met the standard as to some matters but not as to others, and may reasonably prorate amounts to be indemnified.

Advance Payment

7.08. The Corporation may pay in advance any expenses (including attorneys' fees) which may become subject to indemnification under Sections 7.01 through 7.07, if:

- (1) the Board of Directors authorizes the specific payment; and
- (2) the person receiving the payment undertakes in writing to repay unless it is ultimately determined that he or she is entitled to indemnification by the Corporation under Section 6.01 through Section 7.07.

Non-Exclusive

7.09. The indemnification provided by Sections 7.01 through 7.07 shall not be exclusive of any other rights to which a person may be entitled by law, bylaw, agreement or disinterested directors, or otherwise.

Continuation

7.10. The indemnification and advance payment provided by Sections 7.01 through 7.08 shall continue as to a person who has ceased to hold a position named in Section 7.01 and shall inure to his or her heirs, executors and administrators.

Insurance

7.11. The Corporation may purchase and maintain insurance on behalf of any person who holds or who has held any position named in Section 7.01 against any liability incurred by him or her in any such position, or arising out of his or her status as such, whether or not the Corporation would have power to indemnify him or her against such liability under Sections 7.01 through 7.08.

Reports

7.12 Indemnification payments, advance payments and insurance payments made under Sections 7.01 through 7.11 shall be reported in writing to the Board of Directors with the next notice of annual meeting, or within six months, whichever is sooner.

Private Foundation Exception

7.13. Notwithstanding anything to the contrary contained in these Bylaws, if the Corporation is ever determined to be a private foundation, as defined in Section 509 of the Internal Revenue Code of 1986, (the "Code"), any indemnification provided for by this Article VI, and any insurance premiums paid on account of such indemnification provisions, shall be limited to the payment or reimbursement of expenses (other than taxes, penalties, or expenses of correction) including attorneys fees, incurred with respect to the defense of a judicial or administrative proceeding involving Chapter 42 of the Code or state laws relating to the mismanagement of funds of charitable organizations, if:

- (i) Such expenses are reasonably incurred in connection with proceeding;
- (ii) The defense is successful, or such proceeding is terminated by settlement, and the act or failure to act which led to the liability for tax under Chapter 42 was neither willful nor without reasonable cause; and
- (iii) The expenses are incurred by or on behalf of an officer or Director of the Corporation, or any person having powers or responsibilities similar to those of officers or directors, and with respect to any act or failure to act, the employees of the Corporation having authority or responsibility with respect to such act or failure to act.

ARTICLE 8

BOOKS AND RECORDS

8.01. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors, and committees having any of the authority of the Board of Directors.

ARTICLE 9

FISCAL YEAR

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

ARTICLE 10

WAIVER OF NOTICE

10.01. Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act or under the provisions of the articles of incorporation or the bylaws of the Corporation, 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 deemed equivalent to the giving of such notice.

ARTICLE 11

AMENDMENTS TO BYLAWS

11.01. These bylaws may be altered or amended in whole or in part, or repealed and new bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least seven (7) days written notice is given of an intention to alter, amend, or repeal these bylaws or to adopt new bylaws at such meeting, and such notice contains a statement of the nature of the proposed amendment(s).

The undersigned, as Secretary of the Corporation, does hereby certify that the foregoing are the Bylaws of the Corporation as approved and adopted by unanimous consent of the Directors as of the 10 day of August, 2004.


By: 
Name: Ross B. Calhoun, Secretary

EXHIBIT D

Owner Acknowledgement

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

- (a) due to the topography of its Lot and the Property, water will, at times, flow through and over portions of its Lot from adjacent and surrounding Lots in order to achieve positive drainage away from all applicable Lots. No adverse action may be taken by said Owner(s) to the detriment of this positive drainage on its or adjacent Lots.
- (b) its Lot may have "back-to-front" or "front-to-back" drainage. There may be a swale or swales over various portions of its Lot due to this drainage situation. The depth and width of any swales will vary depending on the elevations of its and adjacent Lots. The front and the rear portions of its Lot will not be level and no adjustments to the depth or severity of any swales should be made due to cosmetic or aesthetic concerns. Any alterations made after closing to any swales by an Owner may impact the drainage as well as any foundation warranty that it may own.
- (c) its lot falls under the jurisdiction of the **Shale HOA**, which requires mandatory affiliation thereto, including the payment of an annual fee (which may be payable on a quarterly or other basis) per Section 6.3 of the Declaration. In conjunction therewith, a proforma budget reflecting an estimate of the Association's expenses for the first full year of operation are attached. It will also incur a working capital contribution fee and a transfer fee per Section 6.5 of the Declaration, which it understands should be further reviewed for more detailed information regarding Association dues, assessments and restrictions.
- (d) each Lot will be serviced by **Co-Serve** for electrical, by **Sprint** for telephone service and although other service providers may utilize the utility easements and/or public rights-of-way throughout the Property.
- (e) it understands and agrees that neither Declarant nor Builder has any responsibility as to the present condition or future maintenance of any trees on its Lot. Furthermore, it is understood that neither Declarant nor Builder makes any assurances, implied or stated, in regard to the survival of any trees during the construction process of building and completing a Residence on its Lot. It is also acknowledged that neither Declarant nor Builder has any liability consideration on trees either during construction or after a Residence is purchased and occupied on the Lot. It is further understood that each Owner assumes all responsibility for the maintenance and the condition of any trees on his Lot.
- (f) **any modifications or additions to its Residence or any Structure on its Lot requires prior submittal to and approval of plans and specifications by the Association's ACC pursuant to the Declaration.** It is also understood that failure to so comply may result in the imposition of fines against the Owner and/or the removal of such modifications or additions at Owner's expense.
- (g) there is no prescribed time for the construction or marketing by Builder or Declarant of a Residence on any Lot or the Lot itself. It is also understood that Builder and Declarant make no assurances regarding any established period of time during which Lots near the model homes or trailers of any Builder will remain vacant since the use of such homes or trailers is of an indeterminate length of time.
- (h) there is an existing amenity center, with swimming pool and building. Additional improvements are planned for the Property in the future.
- (j) it should direct any issues, concerns or questions regarding the Common Area or the Association to the Managing Agent, whose name can be obtained by contacting the Builder or Declarant.

Survival. Any portion of this Agreement not otherwise consummated at any particular Closing will survive such Closing as a continuing agreement by and between the parties hereto. Additionally, the terms and conditions of this Agreement, and all representations, warranties, covenants and agreements made by Seller hereunder, shall survive each Closing and shall not merge into the Deeds to be given thereat.

SELLER'S DISCLOSURES. PURCHASER DOES HEREBY ACKNOWLEDGE, CONFIRM, AND AGREE TO EACH AND ALL THE FOLLOWING MATTERS:

(a) PURCHASER HAS BEEN PREVIOUSLY NOTIFIED OF THE EXISTENCE OF THAT CERTAIN INSTRUMENT ENTITLED "EASEMENTS AND SURFACE AGREEMENT" DATED OCTOBER 15, 2001 BY AND BETWEEN LNW REAL ESTATE, LTD. AND MITCHELL ENERGY COMPANY, L.P., WHICH INSTRUMENT WAS RECORDED ON NOVEMBER 1, 2001, UNDER INSTRUMENT FILE NUMBER 298897, DEED RECORDS OF WISE COUNTY, TEXAS, AS THE SAME MAY BE AMENDED FROM TIME TO TIME (THE "DRILLING RIGHTS AGREEMENT"). PURSUANT TO THE DRILLING RIGHTS AGREEMENT, CERTAIN PARTIES HAVE THE RIGHT, AMONG OTHER THINGS: (I) TO PERFORM DRILLING, PRODUCTION, AND RELATED OPERATIONS (THE "ENERGY OPERATIONS") ON CERTAIN PORTIONS OF THE LAND CONTAINED IN THE SUBDIVISION OF WHICH THE LOTS ARE A PART AND COMMONLY KNOWN AS SHALE CREEK (ALL PHASES) (THE "PROJECT"), IN CONNECTION WITH EXTRACTING NATURAL GAS AND OTHER MINERALS; AND, (B) TO ENJOY CERTAIN ACCESS AND/OR TRANSMISSION PIPELINE EASEMENT RIGHTS (COLLECTIVELY, THE "EASEMENT") OVER PORTIONS OF THE PROJECT. SUCH DRILLING RIGHTS AGREEMENT, ENERGY OPERATIONS, AND/OR EASEMENT CAUSE ELEVATED LEVELS OF NOISE, VEHICULAR TRAFFIC, EXHAUST POLLUTION, ARTIFICIAL LIGHT, AS WELL AS RELATED HAZARDS AND OTHER UNDESIRABLE EFFECTS, THAT AFFECT THE PROJECT, THE OCCUPANTS THEREOF, AND THE VISITORS THERETO.

(b) THERE IS A NATURAL GAS COMPRESSOR STATION SITE WITH SEVEN TO NINE COMPRESSORS (THE "COMPRESSOR STATION SITE") OPERATED BY DEVON ENERGY OPERATING COMPANY, L.P. OPERATING TWENTY-FOUR (24) HOURS A DAY, SEVEN DAYS A WEEK ADJACENT TO THE PROJECT. SUCH GAS COMPRESSORS CAUSE ELEVATED LEVELS OF NOISE, POLLUTION, AND ARTIFICIAL LIGHT, AS WELL AS RELATED HAZARDS AND OTHER UNDESIRABLE EFFECTS THAT AFFECT THE PROJECT, THE OCCUPANTS THEREOF, AND THE VISITORS THERETO. HOWEVER, IN NO EVENT SHALL THE COMPRESSOR STATION SITE BE LOCATED WITHIN FOUR HUNDRED FEET (400') OF ANY LOT LOCATED IN THE SUBDIVISION (AS SUCH TERMS ARE PROVIDED IN THAT SEPARATE WRITTEN AGREEMENT DATED JULY 8, 2004 BY AND BETWEEN DEVON AND SELLER AND AS SUCH 400').

(c) ALLIANCE AIRPORT (THE "AIRPORT") IS LOCATED NEAR THE PROJECT. SUCH AIRPORT CAUSES ELEVATED LEVELS OF NOISE, AIR AND VEHICULAR TRAFFIC, EXHAUST POLLUTION, AND ARTIFICIAL LIGHT, AS WELL AS RELATED HAZARDS AND OTHER UNDESIRABLE EFFECTS THAT AFFECT THE PROJECT, THE OCCUPANTS THEREOF, AND THE VISITORS THERETO.

(d) THERE IS A SANITARY SEWER FACILITY (THE "SANITARY SEWER FACILITY") LOCATED WITHIN THE PROJECT OWNED AND OPERATED BY AQUATEXAS. SUCH FACILITY CAUSES ELEVATED LEVELS OF NOISE, ARTIFICIAL LIGHT AND ODORS AS WELL AS RELATED HAZARDS TOGETHER WITH UNDESIRABLE EFFECTS THAT AFFECT THE PROJECT, THE OCCUPANTS THEREOF, AND THE VISITORS THERETO.

(e) THERE IS A PRIVATE WATER SYSTEM FACILITY ("THE WATER SYSTEM FACILITY") LOCATED WITHIN THE PROJECT OWNED AND OPERATED BY AQUATEXAS. SUCH FACILITY CAUSES ELEVATED LEVELS OF NOISE, ARTIFICIAL LIGHT AND ODORS AS WELL AS RELATED HAZARDS TOGETHER WITH UNDESIRABLE EFFECTS THAT AFFECT THE PROJECT, THE OCCUPANTS THEREOF, AND THE VISITORS THERETO.

(f) SELLER DISCLAIMS ANY AND ALL LIABILITIES AND OBLIGATIONS TO PURCHASER AND ALL OTHER PERSONS IN CONNECTION WITH THE DRILLING RIGHTS AGREEMENT, THE ENERGY OPERATIONS, THE EASEMENT, THE COMPRESSOR STATION SITE, THE AIRPORT, THE SANITARY SEWER FACILITY AND/OR THE WATER SYSTEM FACILITY, AS WELL AS ANY AND ALL INJURIES TO PERSONS AND/OR DAMAGES TO LOTS THAT MAY OCCUR IN CONNECTION WITH ANY ONE OR MORE OF THE FOREGOING MATTERS.

(g) PURCHASER IS HEREBY NOTIFIED THAT SELLER, SUBSEQUENT TO THE DATE OF THIS AGREEMENT, MAY SEEK AND CREATE A PID COVERING THE SUBDIVISION. IN SUCH EVENT, SELLER SHALL NOTIFY PURCHASER IN WRITING OF SELLER'S EFFORTS TO SEEK AND CREATE THE PID, INCLUDING, BUT NOT LIMITED TO, NOTIFICATION OF ANY AND ALL APPLICATIONS MADE BY SELLER FOR SUCH PID AND THE PROCESS, TERMS AND CONDITIONS FOR FINAL APPROVAL OF THE PID, AND PURCHASER HEREBY CONFIRMS ITS ACKNOWLEDGEMENT AND ACCEPTANCE OF ANY SUCH PID. THE TOTAL ASSESSMENTS UNDER ANY SUCH PID SHALL NOT EXCEED THE FORT WORTH CITY TAX RATE. NOTWITHSTANDING THE FOREGOING, SELLER SHALL OBTAIN PID APPROVAL FROM ALL APPLICABLE GOVERNMENTAL AUTHORITIES ON OR BEFORE THE INITIAL CLOSING.

(h) UTILITY DISTRICT. IF ANY PORTION OF THE LOTS AND/OR LAND IS SITUATED WITHIN A UTILITY DISTRICT SUBJECT TO THE PROVISIONS OF SECTION 50.301 OF THE TEXAS WATER CODE, THEN AT OR PRIOR TO ANY CLOSING, SELLER AGREES TO GIVE PURCHASER THE WRITTEN NOTICE REQUIRED BY SAID SECTION 50.301.

Filed for Record in:
Wise County
Honorable Sherry Parker
County Clerk
On: Aug 13, 2004 at 01:54P

As a
Official Records

Document Number: 354393

Amount: 120.00

Receipt Number - 124777

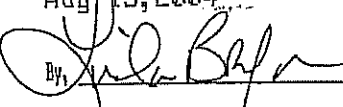
By
Linda Bryan, Deputy

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

STATE OF TEXAS COUNTY OF WISE

I hereby certify that this instrument was
filed on the date and time stamped hereon by me
and was duly recorded in the volume and page
of the named records of: Wise County
as stamped hereon by me.

Aug 13, 2004

By,  Deputy
Honorable Sherry Parker, County Clerk
Wise County

SHALE-114 LP
3901 AIRPORT FRWY
SUITE 200
BEDFORD, TEXAS 76021

After Recording Please Return To:

Judd A. Austin, Jr., Esq.
Henry Oddo Austin & Fletcher, P.C.
1700 Pacific Avenue
Suite 2700
Dallas, Texas 75201

THE STATE OF TEXAS §
 §
COUNTIES OF DENTON AND WISE §

**FIRST AMENDMENT TO THE DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SHALE HOA**

INTRODUCTORY PROVISIONS

WHEREAS, the Declaration of Covenants, Conditions and Restrictions for Shale HOA, was recorded in Volume 1457, Page 46 of the Official Public Records of Wise County, Texas, and recorded as Instrument No. 2004-107974 in the Official Public Records of Denton County, Texas (collectively referred hereinafter as the "*Declaration*") by Shale-114, L.P., a Texas limited partnership ("*Declarant*"); and

WHEREAS, the Declaration affects certain tracts or parcels of real property located in the Wise and Denton Counties, Texas, more particularly described on Exhibit A attached hereto (the "*Addition*"); and

WHEREAS, under Article 8, Section 8.4 of the Declaration, the terms and conditions contained in the Declaration may be amended by the Declarant without joinder of the Board of Directors, the Association, or the other Owners; and

WHEREAS, the following amendment to the Declaration has been approved by the Declarant.

NOW, THEREFORE, the Declaration is hereby amended as follows:

(a) Article 6, Section 6.5(i) of the Declaration is hereby deleted and shall hereinafter read in its entirety as follows:

6.5(i) Acquisition Assessment. Upon acquisition of record title to a Lot by any new Owner (excluding Builders), an acquisition assessment shall be paid to the Association by such Owner at closing in the amount of One Hundred Fifty And No/100 Dollars (\$150.00) for each Lot so acquired. Acquisition assessments are not refundable. Acquisition assessments shall be in addition to, not in lieu of, the annual maintenance assessment and shall not be considered an advance payment of such assessment. The assessment shall be deposited into an escrow account and disbursed therefrom to the Association and shall be used for covering operating and other expenses incurred by the Association pursuant to the terms of this Declaration, the Bylaws of the Association, including any amendments thereof or supplements thereto.

The terms and provisions of the Declaration, except as modified herein, are hereby declared to be in full force and effect with respect to the Addition. The Addition shall continue to be held, occupied, sold and conveyed subject to the terms and conditions of the Declaration and this First Amendment which shall run with title to the Addition and are binding on all parties having any right, title or interest in and to the Addition or any part thereof, including their heirs, representatives, successors, transferees and assigns, and shall inure to the benefit of each Owner thereof.

IN WITNESS WHEREOF, Shale-114, L.P., a Texas limited partnership, as Declarant, has caused this First Amendment to the Declaration of Covenants, Conditions and Restrictions

for Shale HOA in accordance with Article 8, Section 8.4 of the Declaration and approved same for recording in the Real Property Records of Wise and Denton Counties, Texas.

Signed this 14 day of Sept., 2010.

SHALE-114, L.P.,
a Texas limited partnership

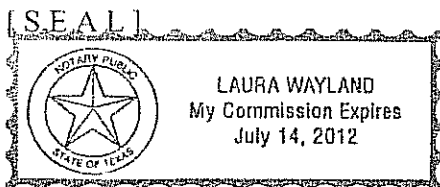
By: Centamtar Terras, L.L.C.
a Texas limited liability company,
its General Partner

By: CTMGT, LLC
a Texas limited liability company,
its Manager

By: [Signature]
Mehrdad Moayedi,
its Manager

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned Notary Public, on this 14 day of Sept., 2010, personally appeared Mehrdad Moayedi, Manager of CTMGT, LLC, a Texas limited liability company, known to me to the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and the capacities therein expressed.



[Signature]
Notary Public, State of Texas

EXHIBIT A

Legal Description

BEING 330.362 acres of land situated in the SMITH COUNTY SCHOOL LAND SURVEY, ABSTRACT NUMBER 743 (WISE COUNTY), ABSTRACT NUMBER 1137 (DENTON COUNTY) and the WILLIAM WALLACE SURVEY, ABSTRACT NUMBER 1434 (WISE COUNTY), ABSTRACT NUMBER 1405 (DENTON COUNTY), Wise and Denton County, Texas and being all of that certain tract of land conveyed to LNW Real Estate, Ltd. According to the deed recorded in Volume 4484, Page 520, Volume 4484, Page 524, and Volume 4484, Page 528 Deed Records of Denton County, Texas and Volume 918, Page 280, Volume 918, page 284 and Volume 918, Page 288, Official Records of Wise County, Texas and being more particularly described as follows:

BEGINNING at a 60d nail found being the most easterly southeast corner of said LNW tract, said iron rod being the intersection of the centerline of County Line Road and the existing north right-of-way line of State Highway 114;

THENCE, South 49 degrees 02 minutes 12 seconds West, along the existing northerly right-of-way line of said State Highway 114, 172.14 feet to a ½" iron rod set with a red cap stamped "RPLS 2023" for corner;

THENCE, North 84 degrees 47 minutes 29 seconds West, continuing along the existing north right-of-way line of said State Highway 114, 419.65 feet to a ½" iron rod set with a red cap stamped "RPLS 2023" for corner, being the beginning of a curve to the left with a radius of 23,038.31 feet and a long chord bearing North 87 degrees 18 minutes 12 seconds West, 1878.29 feet;

THENCE, along said curve to the left and continuing along the existing north right-of-way line of said State Highway 114, passing through a central angle of 04 degrees 40 minutes 21 seconds an arc length of 1878.81 feet to a ½" iron rod set with a red cap stamped "RPLS 2023" for corner;

THENCE, North 89 degrees 44 minutes 11 seconds West, continuing along the existing north right-of-way line of said State Highway 114, 1064.36 feet to a concrete highway monument found for corner;

THENCE, North 89 degrees 37 minutes 18 seconds West, continuing along the existing north right-of-way line of said State Highway 114, 259.94 feet to a ½" iron rod set with a red cap stamped "RPLS 2023" for corner, being the southeast corner of said LNW tract;

THENCE, North 00 degrees 10 minutes 33 seconds East, along the most westerly west line of said LNW tract, 846.02 feet to a 4" fence post found for corner;

THENCE, South 89 degrees 16 minutes 23 seconds East, 1128.47 feet to a 3" fence post found for corner; being all corner of said LNW tract;

THENCE, North 00 degrees 36 minutes, 33 seconds East, along the most easterly west line of said LNW tract, 4,233.74 feet to a ½" iron rod found for corner;

THENCE, South 89 degrees 49 minutes 27 seconds East, 2,631.65 feet to a ½" iron rod found for corner, said iron rod being in the centerline of said County Line Road;

THENCE, South 00 degrees 38 minutes 19 seconds West, along the centerline of said County

Line Road, 5,077.66 feet to the POINT OF BEGINNING.

The tract of land herein described contains 330.362 acres of land.

(the remainder of this page is intentionally left blank)

[Recording Data for the SHALE]

Plats of SHALE recorded in the Map or Plat Records of Wise and Denton Counties

SHALE -- FINAL PLAT
FILED FOR RECORD IN DENTON COUNTY, TEXAS, ON NOVEMBER 18, 2003
DOCUMENT NUMBER 339272

SHALE -- FINAL PLAT
FILED FOR RECORD IN DENTON COUNTY, TEXAS, ON NOVEMBER 19, 2003
DOCUMENT NUMBER 339273

Wise County
HONORABLE Sherry Parker-Lemon
COUNTY CLERK
Decatur, Texas 76234



Instrument Number: 2010-61987

Recorded On: September 20, 2010

As
Official Records

Parties: SHALE-114 LP ET AL

To SHALE HOA

Billable Pages: 6

Number of Pages: 7

Comment: 1ST AMNDMNT TO THE DECLAR

(Parties listed above are for Clerks reference only)

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

| | |
|------------------|-------|
| Official Records | 36.00 |
| Total Recording: | 36.00 |

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

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2010-61987

Receipt Number: 232061

Recorded Date/Time: September 20, 2010 02:15:01P

Book-Vol/Pg: BK-OR VL-2183 PG-205

User / Station: S Enochs - Front Counter

Record and Return To:

HENRY ODDO AUSTIN & FLETCHER

1700 PACIFIC AVENUE

SUITE 2700

DALLAS TX 75201



I hereby certify that this instrument was filed
on the date and time stamped hereon and
was duly recorded in the volume and page
of the named records of Wise County.

Sherry Parker-Lemon
Wise County Clerk

Sherry Parker-Lemon

Electronically Filed Document

Denton County
Cynthia Mitchell
County Clerk

Document Number: 2010-93045

Recorded As : ERX-AMENDMENT

Recorded On: September 20, 2010
Recorded At: 10:44:22 am
Number of Pages: 7

Recording Fee: \$35.00

Parties:

Direct- SHALE -114 LP
Indirect-

Receipt Number: 723260
Processed By: Matt Ivory

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.



THE STATE OF TEXAS)
COUNTY OF DENTON)

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

Cynthia Mitchell

County Clerk
Denton County, Texas