

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR PARKWAY LAKE ESTATES DEVELOPMENT
PHASE I

THE STATE OF TEXAS

COUNTY OF COLLIN

Pacific United Development Corporation, a Nevada corporation ("Developer"), is the owner and developer of Parkway Lake Estates Development Phase I (the "Subdivision"), an addition to the City of Dallas, Collin County, Texas platted as Country Brook Section IV according to the Final Plat (the "Plat") filed on January 4, 1996 and recorded in Collin County Clerk's Office File No. 96-0001181, Cabinet J, Page 64 of the Plat Records of Collin County, Texas, (such Plat and any further revisions, supplements or additions thereto, incorporated herein by reference for all purposes). Developer hereby declares that certain of the lots (sometimes referred to hereafter as "Lot" or "Lots") situated in the Subdivision, as more particularly described on Exhibit A attached hereto and made a part hereof for all purposes, and be known as Parkway Lake Estates Development Phase I, shall have and be subject to the following Declaration of Covenants, Conditions and Restrictions for Parkway Lake Estate Development Phase I (the "Restrictions"). These Restrictions shall run with the land and be binding upon all owners or purchasers of those certain Lots within the Subdivision, and upon their heirs, successors, executors, administrators and assigns.

1. **RESIDENTIAL LOTS.** All Lots situated in the Subdivision shall be known and described as residential lots. No building or structure shall be erected, altered, placed or permitted to remain on any residential Lot other than a separate attached free standing single family dwelling and its customary and usual accessory structures (unless otherwise prohibited herein). Prohibited structures, uses and operations shall include, but not be limited to, duplex houses, apartment houses, commercial and professional uses (except for the initial construction and sale of single family dwellings), condominiums and townhouse uses, drilling for oil, gas or other minerals, quarrying or mining, placing or maintaining on the premises any tanks, wells, shafts, mineral excavations, derricks, or structures of any kind incident to any such oil, gas or other mineral operation.

2. **ASSOCIATION: COMMON AREA.** All owners (the "Owners") of Lots, including Developer, shall be members of the Parkway Lake Estates Homeowner's Association, Inc. (the "Association").

The "Common Area" shall mean that portion of the Lots owned or maintained by the Association for the common use and enjoyment of the members of the Association including, but not limited to, all recreational facilities, community facilities, drainage easements, trees, landscaping, sprinkler systems, screening walls and related facilities situated thereon including, without limitation, that property described on Exhibit "B" attached hereto and made a part hereof for all purposes, the perimeter screening wall and the easements described on the Plat. The Common Area shall be conveyed by deed to the Association on or before August 1, 1996.

3. **PROPERTY RIGHTS.**

3.1 **OWNER'S EASEMENTS OF ENJOYMENT.** Every Owner shall have a right and easement of enjoyment in and to the Common Area. Such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

a. the right of the Association to suspend a member's voting rights and rights to use recreational or other facilities owned or operated by the Association for any period during which any assessment against such Owner's Lot remains unpaid; and for a period not to exceed thirty (30) days for any infraction of the Association's published rules and regulations;

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b. the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency or authority subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless (i) an instrument of agreement to such dedication or transfer, signed by three-fourths (3/4) of each class of the members entitled to vote, is properly recorded in the Deed Records of Collin County, Texas, and (ii) written notice of proposed action under this provision is sent to every Owner and lienholder in this subdivision not less than thirty (30) days, nor more than sixty (60) days in advance of said action;

c. the right of the Association to limit the number of guests of members;

d. the right of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Area and facilities; and

e. the right of the Association along with The Landmark Addition Association to approve and/or restrict private use of Common Area "A" described in Exhibit "C."

3.2 **DELEGATION OF USE.** Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the Owner's Lot. Each Owner hereby covenants that any lease executed on a Lot shall be in writing and contain provisions binding any lessee thereunder to the terms of these Restrictions, and any other rules and regulations applicable to the Lot and Subdivision, and further providing that non-compliance with the terms of the lease shall be a default thereunder notwithstanding any lease of a Lot. The Owner shall remain fully liable for the full performance and compliance with the Restrictions.

3.3 **TITLE TO THE COMMON AREA.** The Developer hereby covenants for itself, prior to the Association assuming title and full responsibility for the Common Area, and thereafter for its successors and assigns, that from and after August 1, 1996 it will keep said Common Area, free and clear of all encumbrances and liens, save and except for the liens or encumbrances created by deed restrictions of record. As to any lien or encumbrance placed against the Common Area by Developer prior to August 1, 1996, Developer shall be fully responsible for the repayment and satisfaction of the same. The Common Area shall remain undivided and shall at all times be owned by the Association or its successors, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Common Area.

4. **MEMBERSHIP IN THE ASSOCIATION AND VOTING RIGHTS.**

4.1 **MEMBERSHIP.** Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject to, by covenants of record, assessment by the Association, including contract sellers, automatically shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one (1) membership. Membership shall be appurtenant to and may not be separated from any ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. Any mortgagee or lienholder who acquires title to any Lot which is a part of the property, through judicial or non-judicial foreclosure, shall be a member of the Association.

4.2. **VOTING RIGHTS.** There shall be two (2) classes of voting membership in the Association:

a. Class A members shall be all Owners, with the exception of the Developer. Each Class A member shall be entitled to one vote for each Lot owned by such member. When two or more persons

hold undivided interests in a Lot, all such persons shall be Class A members. The vote of such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one Lot. If multiple Owners of a Lot are not able to agree as to how to exercise their vote, they shall forfeit their vote as to the issue upon which they are unable to agree and their vote shall be deemed to be removed from the pool of votes.

b. Class B members shall be the Developer and its successors. Class B members shall be entitled to ten (10) votes for each Lot owned by the Developer or its successors.

Class B membership shall cease and be converted to Class A membership on the earlier to occur of the following:

(I) January 1, 2002; or

(ii) On the date when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership.

4.3 NO CUMULATIVE VOTING. There shall be no cumulative voting.

5. COVENANT FOR MAINTENANCE ASSESSMENTS.

5.1 CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Developer, for each Lot owned, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or other conveyance which runs with the land, is deemed to covenant and agree to pay to the Association: (1) Annual Assessments, and (2) Special Assessments for capital improvements, such assessments (collectively, "Assessments") to be fixed, established and collected as hereinafter provided. The Annual and Special Assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the lot and shall be secured by a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with such interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due.

5.2 PURPOSE OF ASSESSMENTS. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the Subdivision and in particular for the improvement and maintenance of the Lots, the Common Area and services and facilities relating to the use and enjoyment thereof. Assessments shall include, but are not limited to, funds to cover actual Association costs for all taxes, insurance, repair, replacement and maintenance of the Common Area herein authorized or as may from time to time be authorized by the Board of Directors; legal and accounting fees, costs incurred in any condemnation hearing required by these Restrictions or that the Board of Directors, as defined in the By-Laws, of the Association shall determine to be necessary to meet the primary purpose of the Association, including the establishment and maintenance of reasonable reserves for repair, maintenance, taxes and other charges as specified herein.

5.3 BASIS AND MAXIMUM AMOUNT OF ANNUAL ASSESSMENTS. The basis of Annual Assessments and maximum amount of Annual Assessments are in accordance with the following:

a. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner other than the Developer, the maximum Annual Assessment shall be \$25.00 per Lot per month paid annually unless provided otherwise herein.

b. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner other than the Developer, the maximum Annual Assessment may be set effective January 1 of each year without a vote of the membership by an amount not to exceed one hundred and twenty percent (120%) of the budget of the preceding year divided by the total number of Lots in the Subdivision.

c. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner other than the Developer, the maximum Annual Assessment may be set above one hundred and twenty percent (20%) only by the written approval of the Owners entitled to cast three-fourths (3/4) of each class of the votes of the members.

d. After consideration of current maintenance costs and future needs of the Association, the Board of Directors may fix the Annual Assessment at an amount not in excess of the maximum.

e. To allow enjoyment of Common Area "A" as designated in Exhibit "B" hereto by owners in The Landmark Addition 6.5 % of each owner in The Landmark Addition Associations' Annual Assessment or 30% of the maintenance agreement cost of Common Area "A", whichever is greater shall be paid to the Association as a shared cost of providing upkeep thereof as to be set forth more fully in an agreement between the two Associations to be recorded in Official Records of Collin County, Texas.

f. The right by mutual majority vote of The Landmark Addition Association Board of Directors and Parkway Lake Estates Development Phase I Association Board of Directors to materially enhance or diminish landscape and/or improvements to Common Area "A" that may effect each Associations' required contributions to same.

5.4 SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENT. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only, for the purpose of paying, in whole or in part, the cost of any construction, reconstruction, installation, repair or replacement (expected or unexpected) of a capital improvement upon the Common Area, provided that any such Special Assessment shall have the written approval of the Owners entitled to cast three-fourths (3/4) of the votes of each class of voting membership of the Association.

5.5 NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER THE PRECEDING PARAGRAPHS. Written notice of any meeting called for the purpose of taking any action authorized under the two preceding paragraphs shall be sent to all classes of members not less than ten (10) days, nor more than fifty (50) days, in advance of the meeting. The presence of members or of proxies entitled to cast ten percent (10%) of all the votes entitled to be cast by the members of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice and quorum requirements. In lieu of a meeting, a door to door canvass maybe used to get the written consent of members as would be necessary to take the action sought at a meeting at which all of the members were present and voted.

5.6 UNIFORM RATE OF ASSESSMENT. Both Annual and Special Assessments shall be fixed at a uniform rate for all Lots regardless of location and size shall commence and be due in accordance with the provisions of the following paragraph.

5.7 DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES.

- a. As to each Lot owned by an Owner other than Developer, the Annual Assessment shall commence on the date that such Lot is conveyed by Developer to Owner.
- b. As long as Developer holds any Class B voting rights as set forth herein, Developer shall not be liable for Annual Assessments as set forth herein.
- c. The Annual Assessment shall be due and payable in advance by each Owner to the Association in annual payments by January 31 of the calendar year assessed or at the time of closing, as the case may be. The Annual Assessment shall be prorated as of the day of closing, based on a 365 day calendar year.
- d. The Annual Assessment for the first assessment year shall be fixed by the Association prior to the sale of the first Lot to an Owner. Except for the first assessment year, the Association shall fix the amount of the Annual Assessment at least thirty (30) days in advance of each assessment year, which shall be the calendar year; provided, however, that the Association shall have the right to adjust the Annual Assessment upon thirty (30) days' written notice given to each Owner, as long as any such adjustment does not exceed the maximum permitted hereunder. Written notice of the Annual Assessment shall be sent as soon as is practicable to every Owner subject thereto.
- e. The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer of the Association setting forth whether the Annual and Special Assessments on a specified Lot have been paid and the amount of any delinquency. A reasonable charge may be made by the Association for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessments therein stated to have been paid.

5.8 EFFECT OF NON-PAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION.

- a. Affirmative and Independent Obligation to Assessments. All payments of the Assessments shall be made to the Association at its principal place of business in Collin County, Texas, or at such place as the Association may otherwise direct or permit upon notice to the Owners. Payment shall be made in full regardless of whether any Owner has any dispute with the Developer, the Association, any other Owner or any other person or entity regarding any matter to which these Restrictions relate or pertain. Payment of the Assessments shall be both a continuing affirmative covenant personal to the Owner (other than the Developer) and a continuing covenant running with the land. Each Owner, and each prospective Owner, is hereby placed on notice that such provision may operate to place upon him the responsibility for the payment of Assessments attributable to a period prior to the date such Owner purchased his or her Lot.
- b. Delinquency. Any Assessment provided for in these Restrictions which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the date of delinquency, the Assessment shall bear interest from the date of delinquency, until paid, at a "Delinquency Rate" equal to the lesser of the rate of ten percent (10%) per annum or the highest legal

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rate. The Association may, in its discretion, bring appropriate judicial proceedings against the Owner personally obligated to pay the same, or, upon compliance with the notice provisions set forth in Subparagraph "c" of this paragraph, foreclose the lien against the Lot, as provided in Subparagraph "d" of this paragraph. There shall be added to the amount of such Assessment interest at the Delinquency Rate, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest and reasonable attorneys' fees, together with costs of the suit and any other cost and expenses incurred which may be recovered under applicable law. Each Owner vests in the Association or its assigns, the right and power to bring all actions at law or foreclose the lien against such Owner for the collection of such delinquent assessments and/or to settle or compromise all claims for Assessments. Under no circumstances, however, shall the Developer or the Association be liable to any Owner or to any other person or entity for the failure or inability to enforce or attempt to enforce any Assessments. In addition, to the extent permitted by law, Developer reserves and assigns to the Association, without recourse, a vendor's lien against each Lot to secure payment of all Annual Assessments and Special Assessments which are levied pursuant to the terms hereof. Such liens may be enforced by appropriate judicial proceedings and the expenses incurred in connection therewith, including interest, costs and reasonable attorneys' fees shall be chargeable to the Owner in default.

c. Notice of lien. No action shall be brought to foreclose an assessment lien or to proceed under the power of sale herein provided less than thirty (30) days after the date a notice of claim of lien is deposited with the postal authority, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the Office of the County Clerk of Collin County. A Notice of claim must give a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which may, at the Association's option, include interest on the unpaid assessment at the Delinquency Rate, plus reasonable attorneys' fees and all other costs and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant.

d. Foreclosure Sale. Any such sale provided for above is to be conducted in accordance with the provisions applicable to the exercise of powers of sale in mortgages and deeds of trust, as set forth in Section 51.002 of the Texas Property Code, or in any other manner permitted by law. Each Owner, by accepting a deed to his Lot, expressly grants to the Association a power of sale, as set forth in said Section 51.002, in connection with the assessment lien. 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.

e. Curing of Default. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed Fifty (\$50.00) Dollars, to cover the costs of preparing and filing or recording such release.

f. Notice to Mortgagee. Upon thirty (30) days prior written request by a first mortgagee, the Association shall provide the mortgagee with written notice of any default by the Owner-mortgagor in the performance of such Owner's obligations hereunder, including payment of assessments, which is not cured within thirty (30) days after default; provided that any such requirement of notice shall not impair or affect any rights or remedies of the Association, including exercise of the same, provided for in these Restrictions.

g. Cumulative Remedies. The assessment lien and the right to foreclosure sale hereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its successors or assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

5.9 SUBORDINATION OF THE LIEN TO MORTGAGES. The lien securing any Assessments provided for herein shall be subordinate to the lien of any recorded mortgage, deed of trust or vendor's lien. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, deed of trust or vendor's lien, pursuant to a decree of foreclosure under such mortgage or any proceeding or process in lieu of a decree of foreclosure thereof, shall extinguish the assessment lien as to payments thereof which became due prior to such sale or transfer, except for its pro-rata share resulting from a reallocation among all Lot Owners. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due, according to the terms herein provided.

5.10 EXEMPT PROPERTY. All common areas, all properties dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Texas, and all areas which may be reserved by the Developer, if any, on the recorded plat(s) of the Property, shall be exempt from the assessments created herein, except no land or improvements devoted to dwelling use shall be exempt from said assessments.

5.11 INSURANCE REQUIREMENTS.

a. The Association through the Board of Directors, or its duly authorized agent, shall have the authority to purchase, carry and maintain insurance policies covering the Common Area any improvement thereon or appurtenant thereto and covering all damage or injury caused by the negligence of the Association or any of its agents. Such insurance may include, but shall not be limited to:

(1) property insurance in an amount equal to the full replacement value of the common facilities owned by the Association (including all building service equipment and the like) with an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its equivalent, and, if necessary, an "Increased Cost of Construction Endorsement" or "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent, affording protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage and any such other risks as shall customarily be covered with respect to projects similar in construction, location and use;

(2) a comprehensive policy of public liability insurance covering all of the Common Area insuring the Association, with such limits as it may consider acceptable (and not less than One Million Dollars [\$1,000,000] covering all claims for personal injury and/or property damage arising out of a single occurrence), such coverage to include protection if applicable against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and any other coverage the Association deems prudent and which is customarily carried with respect to projects similar in construction, location and use;

(3) a policy providing legal liability insurance for directors and officers of the Association;

(4) a certificate of insurance shall be obtained from all contractors performing work on the Common Areas showing that the Association is a named insured under each contractor's liability insurance;

(5) in the event the Association hires at least one employee, all such employees shall be covered by Workers' Compensation Insurance; and

having (6) Fidelity bonds on all officers, directors and employees of the Association control over the receipt or disbursement of funds.

b. Premiums for all such insurance authorized by this paragraph shall be a common expense payable from property assessments. Liability and personal property insurance for each Lot shall be the responsibility of and the expense of each Owner. In the event of damage or destruction by fire or other casualty to any property in the Common Area covered by insurance written in the name of the Association, the Board of Directors shall, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to their former condition. All such insurance proceeds shall be deposited in a bank or other financial institution in which the accounts are insured by a Federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature of at least two (2) of the members of the Board of Directors, or by an agent duly authorized by the Board of Directors. The Board of Directors shall advertise for sealed bids with any licensed contractors, and then may negotiate with any contractor, who shall be required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all costs of repairing and/or rebuilding to the condition formerly existing, the Board of Directors shall levy a Special Assessment as provided in Paragraph 5.4 above against all Owners, as herein provided, to make up any deficiency. Any balance from the proceeds of insurance remaining after satisfactory completion of all repairs and replacements shall be retained by the Association as part of the general reserves funds for repairs or replacement of Common Area.

6. ASSOCIATION MAINTENANCE RESPONSIBILITIES.

In addition to maintenance upon the Common Area, the Association shall provide maintenance upon the entrances to the Subdivision and to the landscaping and lawn areas at the entrances. Such maintenance shall include sprinkler systems, lawn areas, screening walls, landscaping and structures or equipment installed in the Common Areas and entrances and the repairs, replacements, upgrading or installation of the same.

7. STRUCTURAL RESTRICTIONS.

7.1 Unless otherwise expressly permitted by the Architectural Control Committee (the "ACC") as established under Paragraph 8 below as hereinafter designated, no structure shall be erected on any Lot with materials other than brick, brick veneer, stone or stone veneer, stucco or stucco veneer unless the above named materials constitute at least 75% of the total outside area. Openings and glass areas shall be considered to be of the material which is on either side thereof. The ACC may, in its discretion, waive such other variations from these restrictions as said ACC deems consistent with the general tenor and purpose of these restrictions.

7.2 The total minimum floor area of the main structure of any residences constructed pursuant to these Restrictions, exclusive of porches, garages, patios, terraces and breezeways, shall be as follows:

2,200 square feet with right to reduce by 10% with the written approval of the ACC.

No dwelling or residence or any structure shall be designed, planned or constructed of more than the lesser of two (2) stories or thirty (30) feet in height (not including garage areas, except with the express permission of the ACC.

8. ARCHITECTURAL CONTROL COMMITTEE. Developer hereby establishes the ACC for the purpose of preserving and maintaining the architectural integrity of the Subdivision. The ACC shall have the power set forth in these Restrictions and in the By-laws of the Association. The Developer shall function as the ACC until the last remaining Lot of Developer is conveyed to an Owner. No building structure or other improvement (or any replacement of the same), shall be erected, placed or altered on any Lot in this Subdivision until all plans and specifications have been delivered to the ACC and until all plans and specifications shall have been approved in writing by the ACC as being in conformity and harmony with the external design and location of the existing structures of the Subdivision and in compliance with these Restrictions and such reasonable rules and regulations adopted by the ACC pursuant to the By-laws of the Association. One copy of such plans and specifications shall be retained by the ACC and the second copy shall be returned to the Owner with the approval of the ACC appropriately endorsed thereon. Developer shall have authority to appoint individuals to serve on the ACC and to remove with or without cause any person serving on the ACC. The ACC shall consist of not less than three nor more than five (5) members, Developer shall have the authority to fill any vacancies in the ACC. The ACC is authorized to delegate to one or more representatives the authority to perform the duties of the ACC as set forth herein. The approval by a majority of the members of the ACC, or the approval by a representative designated by all of the members of the ACC, shall constitute the approval of the ACC. A prospective purchaser of any Lot in this Subdivision does not succeed to the rights of the Developer under this Paragraph 8 when such Lot is conveyed to the purchaser. Following the sale of the last Lot by the Developer, all functions of the ACC shall be handled by the Board of Directors of the Association or its representatives appointed for such purpose.

In the event the ACC, or its designated representative, fails to approve or disapprove any building plans, specifications and plot plans within thirty (30) days after the same are submitted to it, the ACC shall be deemed to have disapproved such plans and specifications. The ACC shall in no event be liable in damages for any action or failure or refusal to act pursuant to the provisions hereof. The ACC shall receive no fees or compensation for its services. In the event an Owner proceeds to construct any improvement or made any repairs, absent any required ACC approval, such Owner shall have no right to assert as a defense to any enforcement action that he will suffer pecuniary losses as a result of such enforcement.

9. INDEMNIFICATION. Notwithstanding any provision contained herein to the contrary, each Owner, and where applicable the Association, does hereby for itself, its successors and assigns, or any party claiming by or through either such party, indemnify and hold harmless the ACC or Board of Directors of the Association, as the case may be from and against any and all claims, causes of action or liability, whatsoever, from the ACC or Board of Directors exercising their rights, duties and obligations as set forth herein, as these Restrictions may be modified from time to time in writing. It is the express agreement and requirement of these Restrictions that no member of the ACC or Board of Directors, or such group in its entirety, shall be liable for mistakes in judgment or exercise of its rights and obligations hereunder so long as the decisions made are not discriminatory, arbitrary or capricious. However, such indemnification and hold-harmless shall expressly not apply to gross negligence, bad faith or willful misconduct. Such indemnification and hold-harmless shall expressly survive the expiration or termination of these Restrictions, or the resignation by or completion of the term of service of any member of the ACC or Board of Directors.

10. **AMENDMENTS.** At any time, the Owners of the legal title to three-fourths (3/4) of the Lots within the Subdivision (as shown by the records of Collin County, Texas) may amend the Restrictions set forth herein by filing an instrument containing such amendment in the Office of the County Clerk of Collin County, Texas, except that, prior to January 1, 2001, no such amendment shall be valid or effective without the joinder of Developer or its successors or assigns. No amendment shall be effective until thirty (30) days after recording and until all requisite governmental approvals, if any, have been obtained.

11. **SETBACKS.** All dwellings, residences or other structures erected or placed on any portion of the subdivision shall face the road or street upon which the Lot faces, as the same is platted on the Plat, or as may be otherwise prescribed in the deed from the undersigned conveying the same. No portion of any such structures shall be nearer to the road or street property line of said Lot than as designated on said Plat. No structures of any kind (either dwellings or outhouses) shall be nearer than five (5) feet, in accordance with the requirements of the City of Dallas to any inside line of any Lot unless otherwise approved by the ACC. In the event provision is made in any deed from the undersigned conveying any Lot which provides for a building line with reference to the side line of any Lot, such provision shall prevail and that herein prescribed shall have no effect.

12. **FENCES.** No fence, wall or hedge (other than the perimeter screening wall) shall be erected, placed or replaced or altered on any Lot nearer to any street than the minimum building setback line indicated on the recorded Plat. No fence, wall or hedge shall exceed eight (8) feet in height unless specifically required otherwise by the City of Dallas. No chain link or other metal fences are allowed unless expressly approved in writing by the ACC. All fence materials, fence heights and fence locations must be approved in writing by the ACC prior to any fence construction.

13. **OFFENSIVE ACTIVITIES.** No noxious or offensive activity of any kind whatsoever shall be carried on upon any Lot, or in the Common Area, nor shall there be permitted any act thereon that may be or become an annoyance or nuisance to the Owners or occupants of portions of said Lots. Any boat, boat trailer, trailer, mobile home, camp-mobile, or any vehicle other than a conventional automobile shall, if brought within the Subdivision, be stored, placed or parked within the garage of the appropriate Lot Owner, unless prior written approval by the ACC has been obtained.

14. **GARAGES AND SERVANTS QUARTERS.** Any garages, servants quarters, storage rooms, or carports erected or placed on any portion of said Lots must be attached to the main structure unless otherwise expressly permitted by the ACC in writing prior to construction. Each garage shall open to the rear or side of the Lot so as not to directly face the residential street, unless otherwise expressly permitted by the ACC in writing prior to construction. Additionally garages open to the residential street (front entry lots) must remain utilized as garages and shall not be converted to living space or to any other use.

15. **RECREATION AND PLAY EQUIPMENT.** No permanent recreation or play equipment of any kind (including basketball goals, backboards or nets, but not including portable play equipment stored after use) shall be erected, constructed or placed upon any Lot if visible to other Lots, Common Area, or streets unless it has been approved in writing by the ACC and meets the following specific guidelines:

- a. The height of the unit at its tallest point may not exceed 10 feet.
- b. No flags, tassels, etc. of any kind may be attached to the top of the system.