

MASTER DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR  
HIDDEN LAKES

Keller, Tarrant County, Texas

**Dated: October 18, 1996**

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MASTER DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR  
HIDDEN LAKES

THE STATE OF TEXAS §  
COUNTY OF TARRANT §

KNOW ALL MEN BY THESE PRESENTS:

This Master Declaration of Covenants, Conditions and Restrictions for Hidden Lakes (the "Declaration.") is made by HIDDEN LAKES PARTNERS, LTD., a Texas limited partnership (the "Declarant") and LUMBERMEN'S INVESTMENT CORPORATION, a Delaware corporation ("LIC") and is as follows:

A. Declarant and LIC are the owners of certain real property located in the City of Keller, Tarrant County, Texas more particularly described on Exhibit A attached hereto and made a part hereof (the "Property"), The portion of the Property owned by Declarant and LIC is labelled on the Concept Plan attached hereto as Exhibit B and made a part hereof as "Declarant's Property" and "LIC's Property", respectively, and is herein so called.

B. Declarant and LIC desire for the Property to be developed *as a* planned residential community consisting of: (i) development areas that may vary (from area to area) *as to* the use, size and types of residential development and improvements constructed thereon; (ii) common areas improved by certain aesthetic and/or recreational amenities; and (iii) other improvements all of which shall exist for the benefit and use of the Owners (as defined below).

C. Declarant and LIC further desire to provide for the organization and operation of the Master Association (as defined below) which will be responsible for, among other matters, the administration and enforcement of this Declaration and maintenance of the Master Common Area (as defined below).

D. To accomplish these objectives, Declarant and LIC desire to subject the Property to the covenants, conditions, restrictions, reservations, easements, servitudes, liens, charges and other terms provided in this Declaration.

NOW, THEREFORE, it is hereby declared (i) that the Property shall be held, sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which are for the purpose of protecting the value and desirability of the Property and which shall run with the Property and shall be binding upon all parties having right, title or interest in or to the Property or any part thereof, their heirs, successors and assigns and shall inure to the benefit of each owner thereof; and (ii) that each contract or deed conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not the same are set

out in full or by reference in said contract or deed\_

ARTICLE I  
DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in this Declaration shall have the meanings hereinafter specified:

"Amenity Centers" shall mean the F.M. 1709 Amenity Center, the Davis Boulevard Amenity Center and the Bear Creek Parkway Amenity Center, collectively.

"Articles" shall mean and refer to the Articles of Incorporation of the Master Association filed in the Office of the Secretary of State of Texas, as the same may be amended from time to time.

"Assessment" or "Assessments" shall mean assessment(s), both regular annual assessments and special assessments, levied by the Master Association under this Declaration.

"Assessment Unit" shall mean a Lot as defined below.

"Bear Creek Parkway Amenity Center" shall mean the amenity center proposed to be constructed by the Master Association in the general location shown on the Concern Plan and designated thereon as the Bear Creek Parkway Amenity Center.

"Board" shall mean the Board of Directors of the Master Association.

"Builder" shall mean any Person which acquires one or more finished Lots for the purpose of constructing single family residences on such Lots.

"Building Fund" shall have the meaning set forth in Section 5.10(b).

"Building Fund Payment" shall have the meaning set forth in Section 5.10(a).

"Bylaws" shall mean and refer to the Bylaws of the Master Association as adopted and as amended from time to time

"City" shall mean shall the City of Keller, Texas.

"Class A Member" shall mean any Member of the Master Association other than the Declarant.

"Concept Plan" shall mean the Concept Plan attached hereto as Exhibit D and made a part hereof, as the same may be amended from time to time by the Declarant.

"Class B Member" shall mean the Declarant in its capacity as a Member of the Master Association.

"Davis Boulevard Amenity Center" shall mean the amenity center proposed to be constructed by the Master Association in the general location shown on the Concept Plan and designated thereon as the Davis Boulevard Amenity Center.

"Declarant" shall mean and refer to HIDDEN LAKES PARTNERS, LTD., a Texas limited partnership, its successors or assigns; provided that any assignment(s) of the rights and powers of Hidden Lakes Partners, Ltd., as Declarant, must be expressly set forth in a writing duly executed by the Declarant and the mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

"Development Area" shall mean any part of the Property (less than the whole) that is subject to a Development Area Declaration.

"Development Area Association" as to each Development Area shall mean any nonprofit corporation to which, pursuant to a Development Area Declaration for such Development Area, is delegated the powers of owning, maintaining and administering the Special Common Area, if any, within such Development Area, administering and enforcing the covenants and restrictions under, and collecting and disbursing the assessments and charges required by, such Development Area Declaration.

"Development Area Declaration" shall mean, with respect to any Development Area, a recorded instrument other than this Declaration, containing covenants, conditions, restrictions, limitations and/or easements, applicable only to such Development Area.

"F.M. 1709 Amenity Center" shall mean the amenity center proposed to be constructed by the Master Association in the general location shown on the Concept Plan and designated thereon as the F.M. 1709 Amenity Center.

"Improvement" shall mean every facility, amenity or structure and all appurtenances thereto of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, patios, tennis courts, swimming pools, garages, driveways, storage buildings, recreational facilities and equipment, sidewalks, fences, gates, screening walls, retaining walls, entry features or monuments, stairs, decks, landscaping, mailboxes, poles, signs, antennae, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, lakes or ponds (whether used for recreation and/or as part of a storm drainage system), pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

"LIC" shall mean Lumbermen's Investment Corporation, a Delaware corporation.

"Lot" shall mean and refer to a portion of the Property shown as a subdivided residential lot on a Plat; provided, however, with respect to any unplatted portion of the Property, a Lot shall mean the Lot as shown on the Concept Plan. Notwithstanding the above definition, any lot or area owned by any governmental entity or any lot or area comprising a part of the Master Common Area or Special Common Area and any area operated as a Private Recreation Facility are hereby expressly excluded from the definition of Lot as used herein.

"Manager" shall have the meaning set forth in Section 3.5(b)(viii) of this Declaration.

"Master Architectural Committee" shall mean the committee created pursuant to Article VI of this Declaration to perform the functions described therein.

"Master Association" shall mean and refer to THE HIDDEN LAKES MASTER ASSOCIATION, INC., a Texas nonprofit corporation, established for the purposes set forth in this Declaration and its successors and assigns.

"Master Common Area" shall mean and refer to (a) all areas of the Property, including Improvements located thereon, which are now or hereafter owned by or available to the Master Association for the common use and enjoyment of the Owners or (b) any other areas of the Property or appurtenant thereto, including Improvements located thereon lying within private easement areas or dedicated public areas which the Master Association from time to time may elect or be required by the City to maintain.

"Master Restrictions" shall mean the covenants, conditions and restrictions contained in this Declaration, the Articles, the Bylaws, any rules and regulations promulgated by the Master Association pursuant to this Declaration and any rules, regulations, guidelines or procedures promulgated by the Master Architectural Committee pursuant to this Declaration, as any of the foregoing may be adopted and amended from time to time.

"Members" shall mean and refer to every Person who is a member of the Master Association.

"Mortgage" or "Mortgages" shall mean any mortgage(s) or deed(s) of trust securing indebtedness and covering any Lot.

"Mortgagee" or "Mortgagees" shall mean the holder(s) of any Mortgage(s).

"Owner" shall mean the Person(s), including Declarant, holding all or a portion of the fee simple interest **in any Lot**, but shall not include the Mortgagee under a Mortgage prior to its acquisition of fee simple interest in such Lot pursuant to foreclosure of the lien of its Mortgage.

"Parcel" shall mean any one or more of the parcels of the Property designated by letter on the Concept Plan.

"Plat" shall mean a subdivision plat of any portion of the Property as recorded in the Hat Records of Tarrant County, Texas, and any amendments thereto.

"Person" shall mean a natural person, corporation, partnership, trustee or any other legal entity.

"Private Recreation Facility" shall mean a facility which is privately owned and operated by a Person (other than the Master Association or a Development Area Association) for recreational and related purposes, including, without limitation, the golf course referred to in the Concept Plan.

"Property" shall have the meaning set forth in Recital A above.

"Special Common Area" shall mean and refer to any areas of the Property, including Improvements thereon which are hereafter owned by or available to a Development Area Association for the common use and enjoyment of the members of such Development Area Association.

"Termination Date" shall mean the date of termination of Declarant's Class B membership, which shall be the earlier of the date on which (i) Declarant ceases to own any portion of the Property or (ii) Declarant voluntarily elects to terminate its Class B membership by giving written notice of such election to the Board.

## ARTICLE II GENERAL RESTRICTIONS

2.1. General: The Property shall be owned, held, encumbered, conveyed, leased, used, occupied and enjoyed subject to any applicable covenants, conditions, restrictions, reservations and easements contained in this Declaration.

2.2. Development Area Declarations. Nothing in this Declaration shall prevent the owner of a Development Area from imposing upon that Development Area (other than on the Master Common Area land therein) a Development Area Declaration; provided, however any such Development Area Declaration shall be and remain at all times, subject, subordinate and inferior to this Declaration, and any lien against any portion of the Development Area to secure the payment of assessments levied pursuant to a Development Area Declaration shall be subordinate and inferior to all liens reserved by this Declaration to secure the payment of Assessments levied pursuant to this Declaration. If there is any conflict between the Master Restrictions and any Development Area Declaration or documents creating, governing or adopted by any Development-Area-Association, the provisions of the Master Restrictions shall govern.

2.3. Relations with Adjacent Properties. Adjacent to or in the vicinity of the Property are subdivisions known as (i) The Meadows at Bear Creek - Phase I, an Addition to the City of

Keller, Tarrant County, Texas, according to the plat thereof recorded on February 1, 1995, in \_ Cabinet A. Slide 2098 of the Plat or Map Records of Tarrant County, Texas and any subsequent phases of The Meadows at Bear Creek developed on that certain property described in General Warranty Deed With Vendor's Lien dated May 5, 1994 from Wilbur L. Minderman. Jr. to Keller-E 1709. Ltd. and recorded in Volume 11570. Page 0703 of the Real Property Records of Tarrant County, Texas and in General Warranty Deed With Vendor's Lien dated May 5, 1994 from Sentry Financial Corporation to Keller-F.M. 1709, Lid. and recorded in Volume 11570, page 0694 of the Real Property Records of Tarrant County, Texas and (ii) Ashbrook, Phase I, an Addition to the City of Keller, Tarrant County, Texas, according to the plat thereof recorded on August 29, 1995, in Cabinet A, Slide 2431 of the Plat or Map Records of Tarrant County. Texas, as amended according to the plat recorded on January 11, 1996, in Cabinet A, Slide 2652 of the Plat or Map Records of Tarrant County, Texas. The Board may permit residents of such subdivisions to enjoy access to and privileges of the Amenity Centers on such terms and conditions as the Board may determine.

### ARTICLE III

#### THE HIDDEN LAKES MASTER ASSOCIATION 3.1.

##### Organization.

- (a) The Master Association shall be a Texas nonprofit corporation created for the purposes, charged with the duties and vested with the powers prescribed by law, and set forth in the Articles and Bylaws and in this Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.
- (b) Neither • Declarant nor LIC shall have any responsibility or liability for (i) management or operation of the Master Association, (ii) any action taken or omitted to be taken by **or on** behalf of the Master Association; or (iii) any obligations, debts, actions, causes of action, claims, suits or damages incurred by or on behalf **of or** arising in connection with the Master Association or the duties and obligations of the Master Association pursuant to this Declaration.

##### 3.2. Membership.

- (a) Any Person, upon becoming an Owner, shall automatically become a Member of the Master Association. Membership shall be appurtenant to and shall run with the ownership of the Lot that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot or in any way **transferred, pledged, mortgaged or alienated, except together-with title to** the Lot. The Declarant shall also **be a** Member of the Master Association at all times prior to the Termination Date.

(b) Every Member shall have a non-exclusive right and easement of enjoyment in and to all of the Master Common Area, which rights and easements shall be appurtenant to and shall pass with the title to such Member's Lot, subject to the following reservations:

- (i) the right of the Master Association to suspend the Member's voting rights and right to use the Master Common Area for any period during which any Assessment against such Member's Lot remains past due and for any period during which such Member is in violation of any provision of the Master Restrictions;
- (ii) the right of the Master Association to dedicate or transfer all or any part of the Master Common Area to any public body, agency, authority or utility for such purpose and subject to such conditions as may be approved by the Board;
- (iii) the right of the Master Association to borrow money for any purpose deemed necessary or appropriate by the Board, including for the purpose of improving the Master Common Area and, in furtherance thereof, to encumber or pledge the Master Common Area and any other assets of the Master Association;
- (iv) the right of the Master Association to make reasonable rules and regulations regarding the *use* of the Master Common Area;
- (v) the right of the Master Association to contract for services with third parties on such terms as the Board may determine;
- (vi) the right of the Master Association to impose reasonable membership requirements and charge reasonable membership admission or other fees for the use of any recreational facility situated within the Master Common Area; and
- (vii) the right of the Master Association to permit use of any the Master Common Area by residents of the subdivisions described in Section 2.3 of this Declaration upon such terms and conditions as the Board may determine.

3.3. Voting Rights. The right to cast votes and the number of votes which may be cast for election of members of the Board and on all other matters to be voted on by the Members shall be determined as follows:

- (a) The Master Association shall have two (2) classes of voting membership, Class A and Class B.

- (b) Each Owner of a Lot (including the Declarant with respect to any Lots owned by Declarant) shall automatically and mandatorily be a Class A Member. Each Owner of a Lot shall be entitled to one (1) vote for each Lot so owned. In the event of the resubdivision of any Lot into two or more Lots, the number of votes to which such Lot is entitled shall be increased as necessary to retain the ratio of votes for each Lot resulting from such resubdivision which existed immediately preceding such subdivision. In the event of the consolidation of two (2) or more Lots for purposes of construction of a single residence thereon, voting rights shall continue to be determined according to the number of original Lots contained in such consolidated Lot. Nothing herein shall be construed as authorization for any resubdivision or consolidation of Lots.
- (c) The sole Class B Member shall be Declarant. In addition to the votes, if any, to which Declarant may be entitled as a Class A Member, until the Termination Date, for every one (1) vote outstanding in favor of any Class A Member, the Class B Member shall have four (4) votes.
- (d) When more than one Person owns the fee simple interest in any Lot, all such Persons shall be Members. The vote for such Lot shall be exercised as such Persons among themselves determine and so advise the Secretary of the Master Association prior to the vote, but in no event shall the vote for such Lot exceed the total vote to which such Lot is otherwise entitled under this Section 3.3.
- (e) The right of any Owner to vote may be suspended by the Board, for any period during which any Assessment against such Owner's Lot remains past due and for any period during which such Owner or such Owner's Lot is in violation of the Master Restrictions.
- (f) Members are expressly prohibited from cumulating their votes in any election for members of the Board. Prior to submitting any matter for a vote of the Members, the Board shall determine the total number of votes outstanding and the Members entitled to vote.

3.4. Powers of the Master Association. The Master Association shall have the powers of a Texas nonprofit corporation, subject only to such limitations upon the exercise of such power as are expressly set forth in this Declaration. It shall further have the power to do and perform any and all acts that may be necessary or proper, for or incidental w the exercise of any of the express powers granted to it by the laws of the State of Texas or by this Declaration.

3.5. The Board of Directors.

- (a) The Members of the Master Association shall elect the Board, and the Board, by majority vote, shall conduct the business and affairs of the Master Association.

(b) In addition to and cumulative of any and all other rights, powers and duties provided elsewhere in this Declaration, the Bylaws or at law, the Board shall have the following general powers and duties:

(1) Rules and Bylaws. To make, establish and promulgate, and in its discretion to amend from time to time or repeal and re-enact, such rules, regulations and Bylaws not in conflict with this Declaration or the Articles, as it deems proper, covering any and all aspects of the Property (including the operation, maintenance and preservation thereof) or the Master Association.

(H) Insurance. To obtain and maintain in effect policies of insurance provided for in Article IV and such other policies of insurance and on such terms that, in the opinion of the Board, are reasonably necessary or appropriate in light of the nature of the Master Association's properties and its activities.

(iii) Records. To keep books and records of the Master Association's affairs, and to make such books and records, together with current copies of the Master Restrictions, available for inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours.

(iv) Assessments. To levy and collect Assessments.

(v) Enforcement. In the name of the Master Association and on its behalf or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Master Restrictions. The Board is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Master Restrictions: provided, however, that the Board shall never be unauthorized to expend any Master Association funds for the purpose of bringing suit against Declarant, its successors or assigns. Notwithstanding any provision herein to the contrary, the Board may not alter or remove or cause to be altered or removed any Improvement on any Lot other than Master Common Area in enforcing this Declaration before a judicial order authorizing such action has been obtained by the Master Association, or before the written consent of the Owner(s) of the affected Lot(s) has been obtained. Each Owner shall indemnify and hold harmless the Master Association, its officers, directors, employees and agents from any cost, loss, damage, expense, liability, claim or cause of action incurred or that may arise by reason of the Master Association's acts or

activities under this Section 3.5(b)(v) (including any cost, expense, liability, claim or cause of action arising out of the Master Association's negligence in connection therewith), except for such cost, loss, damage, expense, liability, claim or cause of action arising by reason of the Master Association's gross negligence or wilful misconduct. "Gross negligence" as used herein does not include simple negligence, contributory negligence or similar negligence short of actual gross negligence.

(vi) Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Master Association.

(vii) Conveyances. To grant and convey to any Person the real property and/or other interest, including fee title, leasehold estates, easements, rights-of-way or mortgages, out of, in, on, over, or under any Maser Common Area for the purpose of constructing, erecting, operating or maintaining the following:

(A) parks, parkways, the Amenity Centers or other recreational facilities or structures;

(B) roads, streets, street lights, walks, driveways, trails and paths;

(C) lines, cables, wires, conduits, pipelines or other devices for utility purposes;

(D) sewers, water systems, storm water drainage systems, sprinkler systems and pipelines; and/or

(E) any similar Improvements or facilities.

Nothing set forth above, however, shall be construed to permit use or occupancy of any Improvement or other facility in a way that would violate applicable use and occupancy restrictions imposed thereon by the Master Restrictions or by any governmental authority.

Manager. To retain and pay for the services of a Person (the 'Manager') to manage and operate the Master Association, including its property, to the extent deemed advisable by the Board. Additional personnel may be employed directly by the Master Association or may be furnished by the Manager. To the extent permitted by law, the Board may delegate any of its duties, powers and functions to the Manager. The Members of the Master Association hereby release the Master

Association and the members of the Board from liability for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

- (ix) Property Services. To pay for water, sewer, garbage removal, landscaping, gardening and all other utilities, services and maintenance for the property of the Master Association, including but not limited to the Amenity Centers and other recreational facilities; to maintain and repair the Amenity Centers and other recreational facilities, easements, roads, roadways, rights-of-way, parks, parkways, median strips, sidewalks, paths, trails, ponds and lakes located within the Master Common Area, and to maintain and repair all other portions of the Master Common Area.
- (x) Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments that the Master Association or the Board is required or permitted to secure or to pay for pursuant to applicable law or under the terms of the Master Restrictions.
- (xi) Construction on Master Association Property. To construct new Improvements or additions to any property owned by the Master Association, subject to the approval of the Master Architectural Committee.
- (xii) Contracts. To enter into contracts with Declarant and other Persons, on such terms and provisions as the Board shall determine, to operate and maintain any Maser Common Area or to provide any service or perform any function on behalf of Declarant, the Board or the Master Association.
- (xiii) Property Ownership. To acquire, own and dispose of all manner of real and personal property, whether by grant, lease, gift or otherwise.
- (xiv) Allocation of Votes. To determine votes as provided in Section 3.3 **above**.
- (xv) Membership Privilege. To establish rules and regulations governing and limiting the use of the Master Common Area and any Improvements thereon.
- (xvi) Bank Accounts/Borrowing.- -To maintain one or more bank accounts and to borrow funds to pay costs of operation of the Master Association or to improve the Master Common Area and to secure such indebtedness with liens on property or assets of the Master Association.

- (xvii) Committees of the Board. To delegate certain of its duties and powers to one or more committees of the Board who shall be appointed by and serve at the pleasure of the Board.
- (xviii) Insurance Claims. To adjust the amount, collect and use any insurance proceeds to repair damaged or replace lost property, and if proceeds are insufficient to repair damaged or replace lost property, to assess the Members in proportionate amounts to cover the deficiency.
- (xix) Other Matters. To have any and all other powers which are necessary or incidental to the operation and management of the Master Association.

3.6. Maintenance. The Master Association shall maintain, repair and replace as necessary all landscaping, irrigation systems, entrance signs, traffic signs and other Improvements (other than actual roadways that have been accepted for maintenance by an appropriate governmental authority) located within any Master Common Area.

3.7. Street Lighting. The Master Association shall pay for electrical service and for all other costs and expenses necessary to operate and maintain any street lights (other than those which have been accepted by an appropriate governmental entity for operation and maintenance) located within any Master Common Area.

3.8. Indemnification. To the fullest extent permitted by applicable law but without duplication of (and subject to) any rights or benefits arising under the Articles or Bylaws of the Master Association, the Master Association shall indemnify any Person who was or is a party, or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer, committee member (including a member of the Master Architectural Committee), employee, servant or agent of the Master Association against expenses, including attorneys' fees, reasonably incurred by him in connection with such action, suit or proceeding if it is found and determined by the Board or a court that he (1) acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Master Association or (2) with respect to any criminal action or proceeding had no reasonable cause to believe his conduct **was** unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of *nolo conrendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which was reasonably believed to be in, or not opposed to, the best interests of the Master Association, or with respect to any criminal action or proceeding, had reasonable cause to believe his conduct was unlawful. The Board may purchase and maintain insurance on behalf of any person who is or was a director, officer, committee member, employee, servant or agent of the Master Association against any liability asserted against him or incurred by him in any such capacity, or arising out of his status as such, whether or not the Master Association would have the power to indemnify him against such liability hereunder or otherwise.

3.9. Bylaws. Bylaws for the Master Association shall be adopted by the Board and may be amended from time to time in the manner provided in the Bylaws or the Articles. In the event of any conflict between the Bylaws and this Declaration, this Declaration shall prevail.

3.10. No Right to Private Recreation Facility.

- (a) Any person acquiring any ownership or interest in any portion of the Property shall by such acquisition be deemed conclusively to have acquired said ownership or interest with the understanding and acknowledgment that such ownership and/or interest shall confer no right of membership in, nor any rights, easements (whether prescriptive or otherwise) or privileges with respect to, the use and enjoyment of any Private Recreation Facility. The right and privilege to use and enjoy any Private Recreation Facility, shall be conferred only by and within the sole and absolute discretion of the owner, lessee or operator of such Private Recreation Facility.
- (b) Declarant and LIC may convey any portion of the Property to any Person for the construction, development and operation of a Private Recreation Facility free and clear of the provisions of this Declaration.
- (c) All Persons acquiring a Lot within the Property which Lot is located near or adjacent to the golf course to be developed as a Private Recreation Facility on a portion of the Property, shall be deemed to have acquired same with the agreement to accept all risks associated with ownership of property in the vicinity of a golf course, expressly including, but not limited to, the risk of flight of errant golf balls over, above and on their property and noise and other distractions created by the maintenance and operation of a golf course and the playing of the game of golf. Under no circumstances shall the Declarant, LIC, the Master Association or its Members (in their capacity as Members) or any officer, director, employee or partner of any of the foregoing, or any officer, director, or employee of any such partner, be held liable for any damage or injury resulting from the operation or maintenance of the golf course or the playing of the game of golf thereon.

ARTICLE IV  
INSURANCE

4.1. Casualty Insurance. The Board shall have the authority to and shall obtain insurance for all insurable Improvements in the Master Common Area. Such insurance shall cover loss or damage by fire or other hazards including extended coverage, vandalism and malicious mischief and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

4.2. Liability Insurance. The Board shall obtain (i) a public liability policy applicable to the Master Common Area covering the Master Association, its Members and the Board for all damage or injury caused by the negligence of the Master Association, any of its Members or agents or the Board and (ii) a directors' and officers' liability insurance covering the Board and any officers of the Master Association against such liabilities and in such amounts as the Board shall determine to be commercially reasonable. The public liability policy shall have a combined single limit of at least Two Million Dollars (\$2,000,000.00).

4.3. General Provisions.

- (a) Premiums for all insurance maintained by the Master Association shall be an expense of the Master Association payable from the Maintenance Fund. Each policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether any casualty insurance at least equals the full replacement cost.
- (b) All insurance coverage obtained by the Board shall be governed by the provisions hereinafter set forth:
  - (i) All policies shall be written with a company licensed to do business *in* Texas and holding a rating of XI or better in the Financial Category as established by A.M. Best Company, Inc., if available, or, if not available, the most nearly equivalent rating.
  - (ii) Other than directors' and officers' liability insurance policies, all policies shall be written in the name of the Master Association.
  - (iii) Exclusive authority to adjust losses under policies obtained by the Master Association shall be vested in the Board.
  - (iv) in no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by individual Owners, occupants or their Mortgagees, and the insurance carried by the Master Association shall be primary.
- (c) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified Persons, at least one of whom must be in the real estate industry and familiar with construction in the Tarrant County, Texas area.
- (d) The Board shall make every reasonable effort to secure insurance policies that will provide for the following:

- (I) a waiver of subrogation by the insurer as to any claims against the Board, the Master Association, its Manager, if any, and the Owners;
  - (ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;
  - (iii) that no policy may be cancelled, invalidated or suspended on account of any defect or the conduct of any director, officer or employee of the Master Association or its duly authorized Manager, if any, without prior demand in writing delivered to the Master Association to cure the defect or to cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Master Association or its Manager;
  - (iv) that any "other insurance" clause in any policy shall exclude individual Owners' policies from consideration; and
  - (v) that no policy may be cancelled or substantially modified without at least thirty (30) days' prior written notice to the Master Association.
- (e) In addition to the other insurance required by this Article IV, the Board shall obtain worker's compensation insurance, if and to the extent necessary, to satisfy the requirements of applicable Laws, and a fidelity bond or bonds on directors, officers, employees and other Persons handling or responsible for the Master Association's funds. The amount of fidelity coverage shall be at least equal to the sum of three (3) months Assessments plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation and may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Master Association.

## ARTICLE V

### COVENANT FOR ASSESSMENTS

#### 5.1. Assessments.

- (a) Assessments established by the Board pursuant to the provisions of this Article V shall be levied against each "Assessment Unit" as provided in this Article V. Each Lot shall constitute one Assessment Unit. The total amount of Assessments and the amount to be levied against each Assessment Unit shall be determined by the Board pursuant to Section 5.3 and/or 5.4 hereof.
- (b) Each Assessment, together with such interest thereon and costs of collection thereof (including attorneys' fees), as hereinafter provided, shall be the personal

obligation of the Owner of the Lot against which the Assessment is levied, and shall be secured by a continuing lien hereby created against such Lot and all Improvements thereon. The Board may enforce payment of such Assessments in accordance with the provisions of this Article V.

5.2. Maintenance Fund. The Board shall establish a Maintenance Fund (herein so called) into which shall be deposited all Assessments and related late charges paid to the Master Association and from which disbursements shall be made in performing the functions of the Master Association under this Declaration. By way of example, the Maintenance Fund shall be used to improve, beautify, maintain, manage and operate the Master Common Area and to operate and manage the Master Association so as to promote the recreation, health, safety, convenience and welfare of the Members of the Master Association. Such uses and benefits to be provided by the Master Association may include, by way of example and not limitation, any or all of the following: normal, recurring maintenance and operation of the Master Common Area (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking and otherwise caring for existing landscaping) and the Improvements to such Master Common Area; payment of all reasonable and necessary expenses in connection with the collection and administration of Assessments (both regular annual and special); employment of policemen and watchmen; taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Master Common Area; services of a Manager and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Master Association, whether such personnel are employed directly by the Board or by the Manager; employing one or more architects, engineers, attorneys, accountants or other consultants for the purpose of advising the Board or the Master Architectural Committee in connection with their respective duties and authorities; providing insurance, including liability, casualty or workers compensation, to the extent determined to be necessary or advisable by the Board or otherwise required by this Declaration; providing service contractors to manage and maintain recreational areas and facilities of the Master Association; establishing a reserve fund for the periodic maintenance, repair and replacement of Improvements in the Master Common Area and doing any other thing or things necessary or desirable in the judgment of the Board to keep the Master Common Area neat and in good order, or which is considered to be for the general benefit of the Members of the Master Association, it being understood that the judgment of the Board in the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith. Subject to the provisions of Section 2.2, nothing contained herein shall limit or preclude any Development Area Association from levying and collecting its own assessments to pay the cost of performing its functions pursuant to any Development Area Declaration.

5.3. Regular Annual Assessments. Prior to the beginning of each calendar year, the Board shall estimate the expenses to be incurred by the Master Association during such year in performing its functions under this Declaration, and shall estimate the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, and shall give due consideration to any expected income and any surplus from the prior year's fund. Assessments sufficient to pay such estimated net expenses shall then be levied as herein provided

at the level of Assessments set by the Board in its sole and absolute discretion. subject to the limitation hereinafter provided in the last sentence of this Section 5.3, and the Board's determination shall be final and binding so long as it is made in good faith. For each calendar year regular annual Assessments shall be levied against each Assessment Unit which is a "completed Lot" on January 1 of such calendar year at the then current rate of regular annual Assessments. For these purposes, a "completed Lot" is a Lot located within a subdivision accepted by the City in writing. To the extent that in any calendar year, regular annual Assessments co be levied against Assessment Units which are completed Ems are projected to be insufficient to pay the estimated expenses of the Master Association for such calendar year then the projected shortfall shall be assessed pro rata against all Assessment Units located in unplatted portions of the Property, provided, in no event may the regular annual Assessment assessed against an Assessment Unit located in an unplatted portion of the Property exceed the regular annual Assessment assessed against a completed Lot. All such regular annual Assessments for a calendar year shall be due and payable to the Master Association in advance at the beginning of that calendar year or at such other time and in such other manner as the Board may designate in its sole and absolute discretion. Regular annual Assessments for the calendar year 1997 shall be \$360, and regular annual Assessments may not increase for any future calendar year by more than ten percent (10%) of the regular annual Assessment for the preceding calendar year.

5.4. Special Assessments. In addition to the regular annual Assessments provided for in Section 5.3 above, the Board may levy special Assessments whenever in the Board's judgment such special Assessments are necessary to enable the Board to carry out the functions of the Master Association under this Declaration. The amount of any special Assessments shall be at the reasonable discretion of the Board. In addition to the special Assessments authorized in the preceding sentences of this Section 5.4, the Master Association may, in any calendar year, levy a special Assessment applicable to that calendar year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of an Improvement upon the Master Common Area.

5.5. Late Charges. If any Assessment, whether regular annual or special, is not paid by the due date applicable thereto, the Owner responsible for the payment thereof may be required by the Board, at the Board's election at any time and from time to time, to pay a late charge in such amount as the Board may designate from time to time, and the late charge (and any reasonable handling costs therefor) shall be a charge upon the Lot(s) owned by such Owner, collectible in the same manner as herein provided for collection of Assessments, including foreclosure of the lien against such Lot(s) hereinabove granted; provided, however, such charge shall never exceed the maximum charge permitted under applicable law.

5.5. Owner's Personal Obligation for Payment of Assessments. Assessments levied as provided for herein shall be the personal-and individual-debt-of-the Owner of the Lot against which are levied such Assessments. No Owner may exempt himself from liability for such Assessments by non-use of Master Common Area, abandonment of his Lot or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each

Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Master Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or Improvements or from any other action it takes. In the event of default in the payment of any such Assessment, the Owner of the Lot shall be obligated to pay interest on the amount of the Assessment at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date therefor (or if there is no such highest rate, then at the rate of 1 and 1/2% per month), together with all costs and expenses of collection, including reasonable attorneys' fees.

5.7. Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this Article V is, together with interest as provided in Section 5.6 hereof and all costs of collection, including attorneys' fees as herein provided, secured by the continuing Assessment lien granted to the Master Association pursuant to Section 5.1(b) above and shall bind each Lot in the hands of the Owner thereof, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien shall be superior to all other liens and charges against such Lot, except only for tax liens and all sums secured by a first mortgage lien or first deed of trust lien of record, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot in question, provided such Mortgage was recorded in the Real Property Records of Tarrant County, Texas before the delinquent Assessment was due. The Master Association shall have the power to subordinate the aforesaid Assessment lien to any other lien. Such power shall be entirely discretionary with the Board, and such subordination may be signed by an officer of the Master Association. The Master Association may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice may be signed by one of the officers of the Master Association and shall be recorded in the Tarrant County Real Property Records. Each Owner, by accepting a deed or ownership interest to a Lot, shall be deemed conclusively to have granted a power of sale to the Master Association to secure and enforce the Assessment lien granted hereunder. Such lien for payment of Assessments may be enforced by the non-judicial foreclosure of the defaulting Owner's Lot by the Association in like manner as a real property mortgage with power of sale under TEX. PROP. CODE § 51.002. (For such purpose, Richard E. LeBlanc of Dallas County, Texas is hereby designated as trustee for the benefit of the Master Association, with the Master Association retaining the power to remove any trustee with or without cause and to appoint a successor trustee without the consent or joinder of any other Person.) The Assessment liens and rights to foreclosure thereof shall be in addition to and not in substitution of any other rights and remedies the Master Association may have by law and under this Declaration, including the right of the Master Association to institute suit against such Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or nonjudicial, such Owner shall be required to pay the costs, expenses and reasonable attorneys' fees incurred. The Association shall have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same.

Upon the written request of any Mortgagee, the Master Association shall report to said Mortgagee any unpaid Assessments remaining unpaid for longer than thirty (30) days after the same are due. The lien hereunder shall not be affected by the sale or transfer of any Lot except, however, that in the event of foreclosure of any first lien Mortgage securing indebtedness incurred to acquire such Lot, the lien for any Assessments that were past due and payable before the foreclosure sale will be extinguished, provided that past-due Assessments shall be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the first lien Mortgage. The provisions of the preceding sentence will not, however, relieve any subsequent Owner (including any Mortgagee or other purchaser at a foreclosure sale) from paying Assessments becoming due and payable after the foreclosure sale. Upon payment of all sums secured by a lien of the type described in this Section 5.7, the Master Association shall upon the request of the Owner execute a release of lien relating to any lien for which written notice has been filed as provided above, except in circumstances in which the Master Association has already foreclosed such lien. Such release shall be signed by an officer of the Master Association.

5.8. Exempt Property. The following area within the Property shall be exempt from the Assessments provided for in this Article V:

- (a) all area owned by a governmental authority; and
- (b) the Master Common Area and any Special Common Area.

Also, the Board may in its sole discretion exempt any Private Recreation Facility from the Assessments.

5.9. Special Common Area. All costs associated with any Special Common Area, including, without limitation, maintenance, repair, replacement and insurance, shall be borne solely by the Development Area Association which has the exclusive or primary use of such Special Common Area.

5.10. Building Fund.

- (a) Upon the acquisition of a Lot by a Builder, the Builder shall pay \$800 per Lot (the "Building Fund Payment") to the Master Association for deposit into the Building Fund. In the event that a Builder acquires a Parcel for the purpose of developing Lots on the Parcel and constructing residences on the Lots, *the* Building Fund Payment shall be payable at the time of commencement of construction of the residence on the Lot. There is hereby created a lien on each Lot (now in existence or hereafter created) in favor of the Master Association to secure payment of the Building Fund Payment. Such lien may be enforced in the manner and on the terms provided in this Declaration for enforcement of liens for Assessments.

(b) The Master Association intends to develop and construct as part of the Master Common Area, at its sole cost and expense, the Amenity Centers generally in the locations shown on the Concept Plan to include such amenities and facilities as the Board in its sole and absolute discretion shall determine. The Master Association shall establish a building fund (the "Building Fund") into which shall be deposited *the* Building Fund Payments and from which disbursements shall be made to pay the cost of constructing the Amenity Centers or repay indebtedness incurred by the Master Association to pay such costs. The Master Association may borrow some or all of the cost to construct the Amenity Centers and secure the repayment of such indebtedness, with a lien on the Amenity Centers and an assignment of the Master Association's right to receive Building Fund Payments. Building Fund Payments collected by the Master Association in respect of the sale of Lots in Parcels C, R, S, T and Q shall be applied first to the cost of developing the Davis Boulevard Amenity Center (or the repayment of indebtedness incurred by the Master Association for such purpose) until all such costs or indebtedness have been paid in full, and thereafter, such Building Fund Payments shall be applied equally to the cost of developing the other Amenity Centers or repayment of indebtedness incurred in connection therewith. Building Fund Payments collected by the Master Association in respect of the sale of Lots in Parcel A/B shall be applied first to the cost of developing the F.M. 1709 Amenity Center (or the repayment of indebtedness incurred by the Master Association for such purpose) until all such costs or indebtedness have been paid in full, and thereafter, such Building Fund Payments shall be applied equally to the cost of developing of the other Amenity Centers or repayment of indebtedness incurred in connection therewith. Building Fund Payments collected by the Master Association in respect of the sale of Lots in Parcels D, E, F, G, H, I, J, K, L, M, N, O and P shall be applied first to the cost of developing the Bear Creek Parkway Amenity Center (or the repayment of indebtedness incurred by the Master Association for such purpose) until all such costs or indebtedness have been paid in full, thereafter, such Building Fund Payments shall be applied equally to the cost of developing the other Amenity Centers or repayment of indebtedness incurred in connection therewith. The locations of the Amenity Centers as shown on the Concept Plan are preliminary. The actual location of each Amenity Center shall be subject to approval of the Master Association. *If the* Building Fund is not sufficient to pay the costs of developing the Amenity Centers, the Master Association may levy a special Assessment for such purpose. Any balance remaining in the Building Fund after paying the cost of developing all of the Amenity Centers may, at the election of the Board, be transferred to Declarant to reimburse Declarant for actual, substantiated costs incurred by Declarant in constructing or installing Improvements included within Master Common Area, -or if any balance is not so used, it shall be transferred to the Maintenance Fund.

ARTICLE VI  
MASTER ARCHITECTURAL COMMITTEE

6.1. Scope of Authority. No portion of the Property may be platted, subdivided, replatted or resubdivided without the prior written approval of the Master Architectural Committee. No Improvement (or any exterior painting of, or exterior addition to or alteration of, any such Improvement) may be constructed on any Lot, nor may any landscaping be undertaken or any Improvement, commenced, erected, placed, maintained or altered on any Master Common Area or any Special Common Area or any other area of the Property until all plans therefor have been submitted to and approved in writing by the Master Architectural Committee in accordance with procedures and guidelines adopted by the Master Architectural Committee.

6.2. Master Architectural Committee.

(a) Composition. The Master Architectural Committee shall be composed of three (3) natural Persons appointed as provided below. Declarant shall have the right to appoint and remove (with or without cause) all members of the Master Architectural Committee. Declarant may delegate this right to the Board by written instrument, and thereafter, the Board shall have the right to appoint and remove all members of the Master Architectural Committee. At the Termination Date, the power to appoint and remove members of the Master Architectural Committee shall automatically be vested in the Board.

(b) Submission and Approval of Plans, Specifications and Other Matters. As to any matter within the scope of the Master Architectural Committee's authority under Section 6.1, each of the following documents (and all modifications thereof), to the extent applicable, must be submitted to the Master Architectural Committee, in duplicate, at the office of the Declarant, 8235 Douglas Avenue, Suite 805, Dallas, Texas 75225, or such other address as may hereafter be designated in writing from time to time, and its approval must be obtained, prior to the document's submission to the City (to the extent the City's approval is required) or otherwise prior to its implementation:

- (i) preliminary plat or replat;
- (ii) final plat or replat;
- (iii) engineering plans and specifications;
- (iv) plans and specifications for each Improvement, showing the exterior views, exterior materials, colors and elevation, the nature, kind, shape, height, materials and location of all landscaping and Improvements, and

specifying any requested variance from the setback lines or other requirements set forth in this Declaration, and, if requested by the Master Architectural Committee, samples of proposed construction materials; and

- (v) any other data or information requested or deemed reasonably necessary by the Master Architectural Committee.

The Master Architectural Committee may, in reviewing matters submitted for its approval, consider any information that it deems proper, including, without limitation, any one or more of the following:

- (i) conformity and harmony of the proposed Plat or replat and of any landscaping or other Improvement to existing development in the Property, surrounding areas and design guidelines then in effect for the Property;
- (ii) quality of workmanship and materials, adequacy of site dimensions, adequacy of design and proper facing of main elevation with respect to nearby streets;
- (iii) conformity and harmony of the external design, color, type and appearance of exterior surfaces and landscaping in relation to the various parts of the proposed Improvements and in relation to Improvements on other Lots in the Property;
- (iv) permits, environmental impact statements or percolation tests that may be required by the Master Architectural Committee or any other entity; and
- (v) obstruction of views from the development or other Lots.

The Master Architectural Committee may postpone its review of any matter submitted for approval pending receipt of any information or material which the Master Architectural Committee, in its sole discretion, may require. A copy of the construction plans and specifications and a site plan showing the location of the proposed structure or Improvement, if approved, shall remain in the possession of the Master Architectural Committee until the Property is built out in its entirety. The Master Architectural Committee may refuse to approve any matters submitted to it on any grounds that, in the sole and absolute discretion of the Master Architectural Committee, are deemed sufficient, including, but not limited to purely aesthetic grounds. The Declarant and the Master Association shall have the authority and standing to enforce in a court of competent jurisdiction any decision of the Master Architectural Committee.

Adoption of Rules and Regulations. The Master Architectural Committee shall have the authority to adopt such procedural and substantive rules and design guidelines (including without limitation the imposition of any requirements for certificates of compliance or completion relating to any Improvement), not in conflict with this Declaration. as it may deem necessary or appropriate in connection with the performance of its duties hereunder, including rules and design guidelines establishing and describing its review procedures and principles and criteria used in its review. Design guidelines [nay vary from one area of the Property to another. The Master Architectural Committee may amend or modify or supplement its rules and guidelines from time to time as the Master Architectural Committee deems advisable. In addition, the Master Architectural Committee shall have the power and authority to impose such reasonable charges for the review of documents and information submitted to it pursuant to the terms of this Declaration. Such charges shall be held by the Master Architectural Committee and used to defray the administrative expenses incurred by the Master Architectural Committee in performing its duties hereunder; provided, however, that any excess funds held by the Master Architectural Committee shall be distributed to the Master Association at the end of each calendar year.

- (d) Actions of the Master Architectural Committee. The Master Architectural Committee may, by resolution unanimously adopted in writing, designate one or two of its members or an agent acting on its behalf to take any action or perform any duties for and on behalf of the Master Architectural Committee, except, the granting of variances as hereinafter provided. In the absence of such designation, the vote of a majority of all the members of the Master Architectural Committee taken at a duly constituted meeting shall constitute an act of the Master Architectural Committee.
- (e) Failure to Act. In the event that any matter or item requiring its approval is submitted to the Master Architectural Committee as provided herein, and the Master Architectural Committee shall fail either to approve or reject such matter or item for a period of thirty (30) days following such submission, approval shall be presumed; provided, however, that such thirty (30) day period shall not begin to run until all information required to be submitted by the Master Architectural Committee to assist in its review of any plans or specifications has been received by the Master Architectural Committee, Any failure of the Master Architectural Committee to act upon a request far a variance hereunder shall not be deemed a consent to such variance, and the Master Architectural Committee's written approval of all requests for variances shall be expressly required.
- (f) Variances. The Master Architectural Committee may grant variances from compliance with any of the provisions of this Declaration, including, but not limited to, restrictions upon the height, size, shape, floor areas, land area, placement of structures, set-backs, building envelopes, colors, materials or land

use, when, in the opinion of the Master Architectural Committee, in its sole and absolute discretion, such variance will not be adverse to the overall development plan for the Property, and such variance is justified due to visual or aesthetic considerations or such other circumstances as the Master Architectural Committee in good faith determines. All variances must be evidenced in writing and must be signed by at least a majority of the members of the Master Architectural Committee. If a variance is granted, no violation of the covenants, conditions, or restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance shall not operate to waive or amend any of the terms and provisions of this Declaration for any purpose except as to the particular property and in the particular instance covered by the variance, and such variance shall not be considered to establish a precedent for any future waiver, modification or amendment of the terms and provisions hereof.

- (g) Duration of Approval. The approval of the Master Architectural Committee of any matter submitted to it, whether by action or inaction and any variances granted by the Master Architectural Committee shall be valid for a period of 90 days only. If the action approved is not undertaken within such 90-day period and diligently prosecuted to completion thereafter, the Owner shall be required to resubmit such matter to the Master Architectural Committee, and the Master Architectural Committee shall have the authority to re-evaluate such matter in accordance with this Section and may, in addition, consider any change in circumstances which may have occurred since the time of the original approval thereof.
- (h) No Waiver of Future Approval. The approval of the Master Architectural Committee to any matter requiring the approval or consent of the Master Architectural Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any other matter subsequently or additionally submitted for approval by the same or a different Person, nor shall such approval or consent be deemed to have established a precedent for future approvals by the Master Architectural Committee.
- (i) Non-liability of Declarant, Committee, Master Association and Others. Neither the Declarant, LIC, members of the Master Architectural Committee, the Master Association, nor the partners, officers, directors, employees, agents or representatives of any of them shall have any liability to any Person submitting matters to the Master Architectural Committee for approval or to any Owner of property affected by any decision of the Master Architectural Committee by reason of mistake in judgment, negligence or malfeasance or for any other reason arising out of or in connection with approval or disapproval of matters submitted to the Master Architectural Committee. Any defects or errors in or omissions from the documents submitted to the Master Architectural Committee shall be the

responsibility of the entity or Person submitting the documents, and the Master Architectural Committee shall have no obligation to check for defects or error in or omissions from any such documents or to check for such documents' compliance with the general provisions of this Declaration, City codes and regulations, FHA or VA regulations, state statutes or the common law, whether the same relate to lot line, building lines, easements or any other issue.

## ARTICLE VII MORTGAGE PROTECTION

7.1. Notice to Master Association. An Owner who mortgages Owner's Lot shall notify *the* Board in writing, giving the name and address of such Owner's Mortgagee. The Board shall maintain such information in a book entitled "Mortgagees of Owners",

7.2. Examination of Books. The Association shall permit Mortgagees to examine the books and records of the Association during normal business hours.

7.3. Taxes, Assessments and Charges. All taxes, assessments and charges that may become liens prior to first lien mortgages under applicable law shall relate only to the individual Lots and not to any other portion of the Property.

## ARTICLE VIII GENERAL PROVISIONS

8.1. Term. The terms, covenants, conditions, restrictions, easements, charges and liens set out in this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Master Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Declaration is recorded in the Real Property Records of Tarrant County, Texas, and continuing through and including December 31, 2026, after which time this Declaration shall be automatically extended for successive periods of five (5) years unless a change (the word "change" meaning a termination or change of term or renewal term) *is* approved in a resolution adopted by Members entitled to cast at least seventy-five percent (75%) of the total number of votes of the Master Association, voting in Person or by proxy at a meeting duly called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of such meeting; provided, however, that such change shall be effective only upon the recording of a certified copy of such resolution in the Real Property Records of Tarrant County, Texas.

8.2. Eminent Domain. In the event it shall become necessary for any public authority to acquire all or any part of the Master Common Area for any public purpose during the period this Declaration is in effect, the Board is hereby authorized to negotiate with such public

authority for such acquisition and to execute instruments necessary for that purpose. Should acquisitions by eminent domain become necessary, only the Board need be made a party, and in any event the proceeds received shall be held by the Master Association for the benefit of the Owners. In the event any proceeds are paid to Owners, such payments shall be allocated ratably on the basis of Assessment Units and paid jointly to the Owners and the holders of first Mortgages on the respective Lots.

8.3. Amendment. This Declaration may be amended or terminated by the recording in the Real Property Records of Tarrant County, Texas, of an instrument executed and acknowledged by the president and secretary of the Master Association setting forth the amendment and certifying that such amendment has been approved by Members entitled to cast at least seventy-five percent (75%) of the number of votes entitled to be cast by Members of the Master Association.

8.4. Roadway and Utility Easements. Declarant reserves the right to locate, relocate, construct, erect and maintain or cause or permit to be located, relocated, constructed, erected and maintained in and on any streets maintained by the Master Association or areas conveyed to the Master Association or areas reserved as Master Common Area, roadways, sewer lines, water lines, electrical lines and conduits, and other pipelines, conduits, wires and any public utility function beneath or above the surface of the ground with the right of access to the same at any time for the purposes of repair and maintenance.

8.5. Enforcement. The Master Association, the Declarant or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, charges and other terms now or hereafter imposed by the provisions of this Declaration. Failure to enforce any right, provision, covenant or condition granted by this Declaration shall not constitute a waiver of the right to enforce such right, provision, covenant or condition in the future.

8.6. Severability. If any provision of this Declaration is held to be invalid by any court of competent jurisdiction, such invalidity shall not affect the validity of any other provision of this Declaration, or, to the extent permitted by applicable law, the validity of such provision as applied to any other Person.

8.7. Gender. Whenever the context shall so require, all words herein in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural and all plural words shall include the singular.

8.8. Acceptance by Grantees. Each grantee of Declarant or LIC of all or any portion of the Property and each grantee of a Lot, by the acceptance of a deed of conveyance accepts the same subject to all terms, restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction, rights and powers created or reserved by this Property or to whom this Property is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared. All impositions and obligations hereby imposed shall

constitute covenants running with the land within the Property, and shall bind any Person having at any time any interest or estate in the Property, and shall inure to the benefit of each Owner in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

8.9. Damage and Destruction.

- (a) Promptly after damage or destruction by fire or other casualty to all or any part of the Master Common Area covered by insurance, the Board, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair of the damage. Repair, as used in this Section 8.10(a), means repairing or restoring the Master Common Area to substantially the same condition as existed prior to the fire or other casualty.
- (b) Any damage to or destruction of the Master Common Area shall be repaired unless a majority of the Board shall decide within sixty (50) days after the casualty not to repair. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair, or both, are not made available to the Master Association within said period, then the period shall be extended until such information shall be made available.
- (c) In the event that it should be determined by the Board that the damage or destruction of the Master Common Area shall not be repaired and no alternative Improvements are authorized, then the affected portion of the Master Common Area shall be restored to its natural state and maintained as an undeveloped portion of the Master Common Area by the Master Association in a neat and attractive condition.
- (d) If the damage or destruction for which the insurance proceeds are paid is to be repaired, and such proceeds are not sufficient to defray the cost thereof, the Board shall levy a special Assessment against all Owners as provided in Article V. Additional Assessments may be made in like manner at any time during or following the completion of any repair.
- (e) In the event that any proceeds of insurance policies are paid to Owners, such payments shall be allocated ratably based on Assessment Units and shall be paid jointly to the Owners and the holders of first Mortgages on their Lots.

8.10. No-Partition. Except as may be permitted in this Declaration or amendments thereto, no physical partition of the Master Common Area or any part thereof shall be permitted, nor shall any Person acquiring any interest in the Property or any part thereof seek any such judicial partition unless the Property in question has been removed from the provisions of this

Declaration pursuant to Section 10.4 below. This Section 8.11 shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property or from acquiring title to real property that may or may not be subject to this Declaration.

8.11. Notices. Any notice permitted or required to be given to any Person by this Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the day that a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the Person at the address given by such Person to the Master Association for the purpose of service of notices, Such address may be changed from time to time by notice in writing given by such Person to the Master Association. The initial address of *the* Master Association for the purpose of giving notice to the Master Association under this Declaration shall be the same address as the address of the Declarant set forth on the signature page of this Declaration. The Master Association's address may be changed from time to time in a notice of address placed of record in the Real Property Records of Tarrant County, Texas.

8.12. Remedies. In the event of any default by any Owner under the provisions of this Declaration, the Bylaws or any rules and regulations of the Master Association, the Declarant, the Master Association and any Owner shall have each and all of the rights and remedies which may be provided for in this Declaration, the Bylaws and said rules and regulations, and those which may be available at law or in equity, and may prosecute any action or other proceeding against such defaulting Owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgment for the payment of money and collection thereof, or for any combination of such remedies, or for any other relief. No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. All expenses of the Declarant or the Master Association in connection with any such action or proceeding, including court costs and attorneys' fees and other fees and expenses, and all damages, permitted by law from the due date until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed a part of Assessments (to the same extent as the lien provided herein for unpaid Assessments), upon the Lot and upon all of his additions and Improvements thereto, and upon all of his personal property upon the Lot. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Declarant, the Association or any Owner.

8.13. Captions. The captions and headings *in* this Declaration are for convenience only, are not substantive terms, and shall not affect the meaning of or construction given to any term or provision of this Declaration.

8.14 Governing Law. This Declaration shall be construed in accordance with and governed by the laws of the State of Texas.

8.15. Limitation of Liability. Notwithstanding anything to the contrary in this Declaration, no present or future Constituent Partner (hereinafter defined) in or agent of Declarant or LIC, nor any shareholder, officer, director, employee, trustee, beneficiary, or agent of any corporation or trust that is or becomes a Constituent Partner in Declarant or LIC shall be personally liable, directly or indirectly, under or in connection with this Declaration, or any instrument or certificate otherwise executed in connection with this Declaration, or any amendments or modifications to any of the foregoing made at any time or times, heretofore or hereafter; and each of the Owners and their respective successors and assigns waives, and does hereby waive, any such personal liability. As used in this Section 8.16. a "Constituent Partner" in Declarant shall mean any direct partner in Declarant and any Person that is a partner in any partnership that, directly or indirectly, through one or more other partnerships, is a partner in Declarant.

## ARTICLE IX DEVELOPMENT RIGHTS

9.1. Approvals by Declarant. It is contemplated that the Property will be developed substantially in accordance with the Concept Plan, which may, from time to time, be amended or modified by the Declarant. Each Development Area Declaration shall be subject to the prior written approval of Declarant, which approval will not be unreasonably withheld or delayed so long as such Development Area Declaration conforms to the requirements of this Declaration. No Development Area Declaration may be recorded unless the same has been approved by Declarant as provided in the preceding sentence.

9.2. Special Rights. Notwithstanding any provision of this Declaration to the contrary, at all times and from time to time, during the time that Declarant or LIC owns any portion of the Property, each shall have the right and privilege upon approval of the Master Architectural Committee (i) to erect and maintain on its property advertising signs (illuminated or nonilluminated), sales flags, other sale devices and banners for the purpose of aiding the sale of Lots or other portions of its property, (ii) to maintain Improvements upon its property as sales model, management, business and construction offices and (iii) to maintain and locate construction trailers and construction tools and equipment on its property or to permit any of the foregoing activities on its property. So long as the foregoing activities are conducted in accordance with rules and regulations established by the Master Association, they shall not be considered a nuisance, and each of Declarant and LIC hereby reserve the right and privilege for itself to conduct the activities enumerated in this Section 9.2.

9.3. Addition of Land. Declarant may, at any time and from time to time, add additional lands to the Property and, upon the filing of a notice of addition of land as hereinafter described, such land shall be considered part of the Property for purposes of this Declaration, such added lands shall be considered part of the Property subject to this Declaration and the terms, covenants, conditions, restrictions and obligations set forth in this Declaration, and the

rights, privileges, duties and liabilities of the Persons subject to this Declaration shall be the same with respect to such added land as with respect to the lands originally covered by this Declaration. To add lands to the Property hereunder, Declarant shall be required only to record in the Real Property Records of Tarrant County, Texas, a notice of addition of land containing the following provisions:

- (A) A reference to this Declaration, which reference shall state the volume and initial page number of the Tarrant County Real Property Records wherein this Declaration is recorded;
- (B) A statement that such land shall be considered Property for purposes of this Declaration, that all of the terms, covenants, conditions, restrictions and obligations of this Declaration shall apply to the added land;
- (C) A legal description of the added land; and
- (D) If known, a description of any Master Common Area within the land to be added to the Property.

9.4. Withdrawal of Land. Declarant may, at any time and from time to time, reduce or withdraw from the Property and remove and exclude from the burden of this Declaration and the jurisdiction of the Master Association (i) any portions of the Property which have not been included in a Plat; (ii) any portion of the Property included in a Plat if Declarant owns all Lots described in such Plat; and (iii) any portions of the Property included in a Plat even if Declarant does not own all Lot(s) described in such Plat, provided that Declarant obtains the written consent of all other Owners of Lot(s) described in such Plat. Upon any such withdrawal or removal, this Declaration and the covenants, conditions, restrictions and obligations set forth herein shall no longer apply to the portion of the Property withdrawn. To withdraw lands from the Property hereunder, Declarant shall be required only to record in the Real Property Records of Tarrant County, Texas, a notice of withdrawal of land containing the following provisions:

- (A) A reference to this Declaration, which reference shall state the volume and initial page number of the Tarrant County Real Property records wherein this Declaration is recorded;
- (B) A statement that the provisions of this Declaration shall no longer apply to the withdrawn land; and
- (C) A legal description of the withdrawn land.

EXECUTED by the undersigned on the date set forth hereinbelow.


Addresses for Notices to  
Declarant and Master  
Association:

8235 Douglas Avenue  
Suite 805  
Dallas, Texas 75225  
Attention: Mr. Richard E. LeBlanc

DECLARANT;  
HIDDEN LAKES PARTNERS, LTD., a  
Texas limited partnership

By: HL-GP Partners, Ltd., a  
Texas limited partnership, Its general partner


By: Hanover Property, L.C., a  
Texas limited liability company, Its  
general partner

By:   
Name

me: PrA-4,-9 F  
Title: President

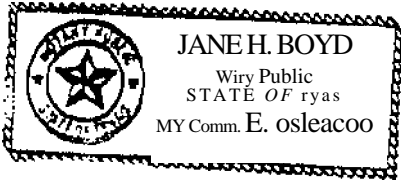
**LIC:**

LUMBERMEN'S INVESTMENT CORPORATION, a  
Delaware corporation

By:   
Name: John K. Pierret  
Title: SVP

STATE OF TEXAS  
COUNTY OF DALLAS

This instrument was acknowledged before me this 25th day of October 1996 by Richard E LeBlanc, President of Hanover Property, L.C., a Texas limited liability company. on behalf of said company, acting in its capacity as general canner of HL-GP Partners. Ltd. a Teas limited partnership, in its capacity as general partner of Hidden Lakes Partners. Ltd., a Texas limited partnership.




No \_\_\_\_\_  
Public in and for the  
State of Texas


Printed Name of Notary:  
\_\_\_\_\_

My commission expires: \_\_\_\_\_

STATE OF TEXAS  
COUNTY OF DALLAS

This instrument was acknowledged before me this day of Oc. 4<sup>th</sup>, 1996,  
by 'To ky' \_\_\_\_\_ eArt. f. 417 \_\_\_\_\_, Ct. / v° \_\_\_\_\_ of Lumbermen's Investment Corporation, a  
Delaware corporation, on behalf of said corporation.

  
\_\_\_\_\_  
Notary Public in and for the  
State of Texas

  
\_\_\_\_\_  
Printed Name of Notary:  
\_\_\_\_\_

My commission expires: \_\_\_\_\_



\_\_\_\_\_  
**KERRY DAVIS**  
Notary Public  
STATE OF TEXAS  
My Comm. Exp. 6403/2000

**JOINDER BY LIENHOLDER**

The undersigned. FIDELITY BANK NATIONAL ASSOCIATION ("Lender"), the beneficiary under that certain Deed of Trust, Security Agreement, Assignment of Rents, Leases, Incomes and Agreements dated June 28, 1996 from Hidden Lakes Partners, Ltd. to William C. Murphy, Trustee recorded at Volume 2422, Page 0086 of the Real Property Records of Tarrant County, Texas (the "Deed of Trust") covering and affecting a portion of the Property, hereby joins in the execution of this Master Declaration of Covenants, Conditions and Restrictions for the purpose of evidencing Lender's (i) consent to the Declaration and (ii) subordination of the Deed of Trust to the rights, interests and easements contained in this Declaration. Lender's subordination of the Deed of Trust shall be to the same effect as if the Declaration had been executed and recorded prior to the execution and recording of the Deed of Trust. Notwithstanding the foregoing subordination, Lender shall have and retain all rights of a Mortgagee under Section 5.7 of the Declaration.

Dated \_\_\_\_\_, 1996.

FIDELITY BANK NATIONAL ASSOCIATION

By:

Name: William C. Murphy  
Title: \_\_\_\_\_

STATE OF TEXAS COUNTY OF DALLAS §

\_\_\_\_\_ known to me, appeared before me this day October, 1996, at TX of Fidelity Bank National Association, on behalf of said association.

hyfrlllr./...».,v.fro/dr./,////////1/  
CINDY E. ETHEL /  
NOTARY PUBLIC  
Tr Si ATESCH OF TEXAS /  
CCA96.5 EXPIRE ti-02-  
97  
////////////////////////////////////

Cindy E. Ethel  
Notary Public and for the


State of Texas  
Cindy E. Ethel  
Printed Name of Notary: \_\_\_\_\_

My commission expires: \_\_\_\_\_

**JOINDER BY LIENHOLDER**

The undersigned, PATSY R. SMITH ("Lender") successor in interest to Sentry Financial Corporation, the beneficiary under that certain Deed of Trust (Security Agreement, Assignment of Leases, Assignment of Rents and Financing Statement) dated June 28, 1996 from Hidden Lakes Partners, Ltd. to Madelyn Ivey, Trustee recorded at Volume 12422, Page 1269 of the Real Property Records of Tarrant County, Texas (the "Deed of Trust") covering and affecting a portion of We Property, hereby joins in the execution of this Master Declaration of Covenants, Conditions and Restrictions for the purpose of evidencing Lender's (i) consent the Declaration and (ii) subordination of the Deed of Trust to the rights, interests and easements contained in this Declaration. Lender's subordination of the Deed of Trust shall be to the same effect as if the Declaration had been executed and recorded prior to the execution and recording of the Deed of Trust.

Dated \_\_\_\_\_, 1996.

  
Patsy R. Smith

STATE OF TEXAS

COUNTY OF DALLAS §

This instrument was acknowledged before me this 7th day of October, 1996, \_\_\_\_\_  
by Patsy R. Smith.



\_\_\_\_\_  
Notary Public in and for the  
State of Texas

\_\_\_\_\_  
Printed Name of Notary:

\_\_\_\_\_  
My commission expires

