

BYLAWS OF
VILLAS OF PINEY CREEK HOMEOWNERS' ASSOCIATION, INC.
A NONPROFIT ASSOCIATION

ARTICLE 1

NAME AND LOCATION

The name of the property owner's association is VILLAS OF PINEY CREEK HOMEOWNERS' ASSOCIATION, INC. The address is City of Denton, County of Denton, State of Texas.

ARTICLE 2

DEFINITIONS

- 2.1 "Association" means and refers to VILLAS OF PINEY CREEK HOMEOWNERS' ASSOCIATION, INC.
- 2.2 "Common area" means all real property owned by the Association for the common use and enjoyment of the owners.
- 2.3 "Declaration" means and refers to the Declaration of Covenants and Restrictions applicable to the Subdivision and recorded on March 4, 1998, in the Office of the County Clerk of Denton County, Texas, at Volume 4042, Page 01711, Recording No. 016590.
- 2.4 "Lot" means and refers to any plot of land shown on the recorded subdivision plat with the exception of the common area.
- 2.5 "Member" means and refers to those persons entitled to membership in the Association as provided in the Declaration.
- 2.6 "Owner" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the subdivision, including contract sellers, but excluding those holding title merely as security for the performance of an obligation.
- 2.7 "Subdivision" means and refers to that certain tract of real property described in the Declaration, and such additions to that tract as may be brought within the jurisdiction of the Association pursuant to the provisions of the Declaration.

ARTICLE 3

MEETINGS OF MEMBERS

3.1 Annual Meetings.

- a. The first annual meeting of members will be held each year on approximately November 15th. Time and place to be designated at least ten (10) days prior to the meeting. The Executive Committee will give a report of the year, and a Nominating Committee will be appointed.
- b. A second annual meeting will be held approximately January 15th for the purpose of presenting the financial report for the year, and the Nominating Committee's presentation of a slate of officers and election of officers as further explained in Article 4.2.

3.2 Special Meetings. Special Meetings of members may be called at any time by the President or on written request of one-fourth (1/4) of members who are entitled to vote.

3.3 Notice of Meetings. Written notice of each meeting of members will be given by, or at the direction of, the Secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) but not more than fifty (50) days before such meeting to each member entitled to vote, addressed to the member's address last appearing on the books of the Association or supplied by such members to the Association for the purpose of receiving notice. The notice will specify the day, hour, and place of the meeting, and in the case of a Special Meeting, the purpose of the meeting.

3.4 Quorum. The presence at the meeting, in person or by proxy, of members entitled to cast a majority of the votes of the membership will constitute a quorum for authorization of any action, except as may otherwise be provided in the Declaration, the Articles of Incorporation, or these ByLaws. If a quorum is not present at any meeting, the members entitled to vote will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.5 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies will be in writing and filed with the Secretary. Proxies will be revocable, and the proxy of any owner will automatically terminate on conveyance by such owner of his or her lot.

ARTICLE 4

EXECUTIVE BOARD

- 4.1 Number and Qualifications. The affairs of the Association will be managed by an Executive Board of at least five (5) officers or such number as the Board may from time to time by resolution determine necessary. Each officer must be a homeowner and a member in good standing in the Association. The number of officers may be changed by an amendment to the ByLaws, adopted by the members.
- 4.2 Nominations and Elections.
- a. Nominations for election to the Executive Board may be made by a Nominating Committee, and may also be made from the floor at any annual meeting of members. The Nominating Committee will consist of a Chairperson who is to be a member of the Executive Board, and two or more members of the Association. The Nominating Committee is one committee that the President should not select nor be a member of. It is best to have the members elect a Nominating Committee. The Nominating Committee will make as many nominations for election to the Executive Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.
 - b. The election of officers will take place at a meeting of members in January. Elections to the Executive Board will be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Persons receiving the largest number of votes will be elected. The successor officer shall take office immediately after the meeting in which the election is held. All Association records shall be passed to the successor officer within twenty-four (24) hours of the election.
- 4.3 Term. The officers of the Association will be elected annually by the membership. Each will hold office for a term of one (1) year unless he or she will sooner resign, or will be removed or otherwise disqualified to serve. An officer shall not hold the same office for more than two (2) consecutive years unless an exception is determined to be in the best interest of the Association by a two-thirds (2/3) majority vote of the members.
- 4.4 Special Appointments. The Board may elect such other officers as the affairs in the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

- 4.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board at any time or by a majority vote of the members of the Association. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective. In the event of death, resignation will not be necessary to make it effective. In the event of death, resignation, or removal of an officer, his or her successor will be selected by the remaining members of the Board and will serve for the unexpired term of his or her predecessor.
- 4.6 Vacancies. A vacancy in any office may be filled by appointment of the Board. The officer appointed to such vacancy will serve for the unexpired term of the office he or she replaces.
- 4.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person will simultaneously hold more than one or any of the other offices, except in the case of special offices created pursuant to paragraph 4.4 of this Article.
- 4.8 Compensation. No officer will receive compensation for any service he or she may render to the Association. However, any officer may be reimbursed for his or her actual expenses incurred in the performance of his duties.
- 4.9 Powers and Duties. The Executive Board shall have the Powers and Duties to:
- a. Exercise on behalf of the Association all powers, duties, and authority vested in or delegated to the Association and not specifically reserved to the membership by the Declaration, Articles of Incorporation, or by other provisions of these ByLaws;
 - b. Declare the office of a member of the Executive Board to be vacant in the event that such member is absent from three (3) consecutive regular meetings or Executive Board meetings;
 - c. Employ, supervise and prescribe the duties of any independent contractor, and such other persons as they may deem necessary;
 - d. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement of such acts and affairs to the members at each annual meeting, or at any special meeting at which such a statement is requested in writing by one-fourth (1/4) of members entitled to vote at the meeting;

- e. As more fully provided in the Declaration, to (1) fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment; (2) send written notice of each assessment to every owner subject to the assessment at least thirty (30) days in advance of each annual assessment period; and (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date, or to bring an action at law against the owner personally obligated to pay the same;
- f. Issue, or cause an appropriate officer to issue, on demand by any person and on imposition of a reasonable charge, a certificate setting forth whether or not any assessment has been paid, a statement in a certificate to the effect that an assessment has been paid constituting evidence of such payment;
- g. Procure and maintain adequate liability and hazard insurance on all property owned by the Association;
- h. Cause all officers having fiscal responsibilities to be bonded, as it may deem appropriate;
- i. Cause the common area to be maintained; and
- j. Reserve the right to approve or disapprove the inclusion of advertisements and other materials in monthly dues statement.

4.11 Duties of the Officers. The duties of the officers are as follows:

- a. President. The President will preside at all meetings of the Executive Board, will see that orders and resolutions of the Board are carried out, will sign all leases, mortgages, deeds, and other instruments, and will cosign all checks and promissory notes;
- b. First Vice President. The First Vice President will act in the place of the President in the event of his or her absence, inability, or refusal to act, and will exercise and discharge such other duties as may be required of him or her by the Board;
- c. Second Vice President. The Second Vice President will act in the place of the First Vice President in the event of his or her absence, inability, or refusal to act, and will exercise and discharge such other duties as may be required of him or her by the Board;

- d. Secretary. The Secretary will record the votes and keep the minutes of all meetings and proceedings of the Board and of the members, keep the corporate seal of the Association and affix it to all papers so requiring; serve notice of meetings of the Board and of members, keep appropriate current records showing the members of the Association together with their addresses and perform such other duties as may be required by the Board or by law; and
- e. Treasurer. The Treasurer will receive and deposit in appropriate bank accounts all funds of the Association, and will disburse such funds as directed by resolution of the Executive Board; will sign all checks and promissory notes of the Association; will keep proper books of account; will cause an annual audit of the Association books to be made by a certified public accountant at the completion of each calendar year; and will prepare an annual budget and statement of income and expenditures, a copy of which documents will be delivered to each member, and a report on which will be given at an annual meeting of members.

4.12 Executive Board Meeting.

- a. Regular Meetings. Regular meetings of the Executive Board will be held quarterly at such place and hour as may be fixed from time to time by resolution of the Board;
- b. Special Meetings. Special meetings of the Executive Board will be held when called by the President of the Association, or by any two officers, after not less than twenty-four (24) hours notice to each officer; and
- c. Quorum. A majority of the officers will constitute a quorum for the transaction of business. Every act performed or decision made by a majority of officers present at a duly held meeting in which a quorum is present will constitute the act or decision of the Board.

ARTICLE 5

COMMITTEES

The Association will appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee as provided in Article 4.2 of these ByLaws. In addition, the Executive Board shall appoint such other committees as it may deem appropriate in the performance of its duties.

ARTICLE 6

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien on the property against which such assessments are made. Any assessments which are not paid when due are considered delinquent. If an assessment is not paid within thirty (30) days after the due date, the assessment bears interest from the date of delinquency at the rate of eighteen percent (18%) per annum, or the highest rate permitted by law, whichever is less, and the Association may bring an action at law against the owner personally obligated to pay the same, or may foreclose the lien against his or her property. Interest, costs, and reasonable attorney fees of any such action will be added to the amount of any assessment due. No owner may waive or otherwise escape liability for assessments by nonuse of the common area or abandonment of his or her lot.

In addition, each Homeowner shall be obligated to pay a \$5.00 late charge if their monthly dues is not received by the 10th of the month following the due date of the monthly dues.

ARTICLE 7

BOOKS AND RECORDS INSPECTION

The Association shall have current copies of the Declaration, Articles of Incorporation, ByLaws, rules, regulations, books, records and financial statements available for inspection by Homeowners during normal business hours or under other reasonable circumstances.

ARTICLE 8

CORPORATE SEAL

The Association will have a seal in circular form having within its circumference the words: VILLAS OF PINEY CREEK HOMEOWNERS' ASSOCIATION, INC.

ARTICLE 9

FISCAL YEAR

The fiscal year of the Association will be the calendar year.

ARTICLE 10

AMENDMENTS

These ByLaws may be amended at a regular or special meeting of members, by vote of a majority of a quorum of members present in person or by proxy.

ARTICLE 11

CONFLICTS WITH ARTICLES OF INCORPORATION OR DECLARATION OF COVENANTS

In the case of any conflict between the Articles of Incorporation and these ByLaws, the Articles will control. In the case of any conflict between the Declaration and these ByLaws, the Declaration will control.

ARTICLE 12

ROBERTS' RULES OF ORDER

The most recent available edition of Roberts' Rules of Order shall govern all questions of procedure not governed by these ByLaws, the Articles of Incorporation, or Declaration.

APPROVED BY TWO-THIRDS (2/3) OF HOMEOWNERS - JULY/AUGUST, 2005.

VILLAS OF PINEY CREEK HOMEOWNERS ASSOCIATION, INC.

BYLAWS AMENDMENTS

Property Code Chapter 209. Texas Residential Property Owners Protection Act

Sec. 209.005. ASSOCIATION RECORDS

(m) A property owners' association composed of more than 14 lots shall adopt and comply with a document retention policy that includes, at a minimum, the following requirements:

(1) certificates of formation, bylaws, restrictive covenants, and all amendments to the certificates of formation, bylaws, and covenants shall be retained permanently;

(2) financial books and records shall be retained for seven years;

(3) account records of current owners shall be retained for five years;

(4) contracts with a term one year or more shall be retained for four years after the expiration of the contract term;

(5) minutes of the meetings of the owners and the board shall be retained for seven years; and

(6) tax returns and audit records shall be retained for seven years.

4042 01711

DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

016590

VILLAS OF PINEY CREEK

THIS DECLARATION (this "Declaration"), made this 4 day of March, 1998, by THE VILLAS OF PINEY CREEK (VPCJV) a joint venture comprised of MABREY AND PARTNERS DEVELOPMENT, LC (MPD), a Texas limited partnership, MILLENNIUM LAND DEVELOPMENT, LLC (MLD), a Limited Liability Company and LEE MEADOWS HOMES, INC. (LMH) (VPCJV being sometimes called "Declarants"),

WITNESSETH:

Introductory Statement

- A. VPCJV is the owner of a certain tract of land situated in the City of Denton, Denton County, Texas, as more particularly described on Exhibit "A", attached hereto and made a part hereof (such tract of land being called the "property").
- B. Declarants desire to provide for the maintenance of front yards of residences constructed within the Property and for the maintenance and preservation of certain other areas, as hereinafter provided.
- C. Declarant has further deemed it advisable, for the efficient preservation of the values and amenities within the Property, to impose covenants upon the Property and to create a non-profit corporation to which would be delegated and assigned the powers of performing the maintenance herein provided, and collecting and disbursing the assessments and charges, as hereinafter provided.
- D. Declarant has caused or will cause to be incorporated under the Non-Profit Corporation Act of the State of Texas (the "Act"), a non-profit corporation, Villas of Piney Creek Homeowners Association, Inc. (the "Association")

NOW, THEREFORE, Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "Covenants") hereinafter set forth.

Declaration

ARTICLE I

DEFINITIONS



4042 01712

The following words when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

"ACC" means the Architectural Control Committee appointed by the Board in accordance with the provisions of Article VIII hereof.

"Assessments" shall mean and refer to the regular annual assessments, the special assessments, and the default assessments provided in Section 3.1 hereof.

"Association" shall mean and refer to the Villas of Piney Creek Homeowners Association, Inc., a Texas non-profit corporation.

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

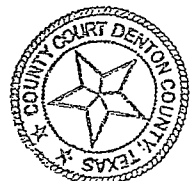
"Common Maintenance" shall mean and refer to normal and routine maintenance of Common Maintenance Areas as determined from time to time by the Board, including but not limited to (a) repair and maintenance of private streets, (b) mowing and edging Common Maintenance Areas, (c) trimming Common Maintenance Areas with weed eaters and (d) fertilizing, trimming shrubbery, turning flower beds and applying insect control chemicals to Common Maintenance Areas, (e) maintaining and operating common irrigation systems, including paying utility charges (excluding front yard water) related thereto, and (f) replacing shrubbery and trees damaged from time to time, but only to the extent the replacement thereof is approved by the Board. Common Maintenance shall not, in any event, include the trimming of trees, planting of shrubbery, grass, trees or other landscaping (except as permitted above), installing irrigation systems, or any other maintenance or service determined by the Board to be not within normal and routine maintenance of Common Maintenance Areas.

"Common Maintenance Areas" shall mean and refer to (a) the front yards of the Lots, (b) the entrance to Villas of Piney Creek (c) landscaping on Piney Creek Blvd and Clermont Lane (d) all private streets perimeter fencing, (e) Pool and clubhouse area, that may or may not be constructed, at the sole discretion of the Declarants, at the completion of Phases Two and Three, (f) those other areas within the Property as the Board may elect to include within "Common Maintenance Areas" from time to time for maintenance by the Association.

"Declarants" shall mean and refer to VPCJV, and their respective successors and assigns and any assignee, other than an Owner, who shall receive by assignment from VPCJV, all or a portion of its rights hereunder as Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

"Dwelling Units" shall mean and refer to any building or portion of a building situated upon the Property which is designed and intended for use and occupancy as a residence by a single person, a couple, a family or a permitted family size group of persons.

"Eligible Insurers" is defined in Article VI below.



4042 01713

"Eligible Mortgagees" is defined in Article VI below.

"Front Yard" shall mean and refer to: (a) as to interior Lots, the front yard area of the residence between the street (on the one hand) and the dwelling exterior and fence (on the other hand) and (b) as to corner Lots, the front yard area of the residence between the street (on the one hand) and the dwelling exterior and fence (on the other hand); and that portion of the side yard area exposed to the street, between the street (on the one hand) and the dwelling exterior and fence (on the other hand), but excluding patios, courtyards and fenced areas, unless otherwise defined by the Board.

"Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map of the Property which is shown as a lot thereof and which is or is to be improved with a residential dwelling.

"Maintenance Fund" shall have the meaning given to it in Section 3.1 hereof.

"Member" shall mean and refer to each Owner as provided herein in Article II.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot but, notwithstanding any applicable theory of mortgages or other security devices, shall not mean or refer to any mortgagee or trustee under a mortgage or deed of trust unless and until such mortgagee or trustee has acquired title pursuant to foreclosure or any conveyance in lieu of foreclosure.

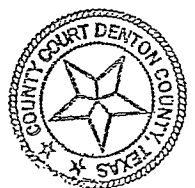
ARTICLE II

MEMBERSHIP RIGHTS AND VOTING RIGHTS IN THE ASSOCIATION

- 2.1 Membership. Every Owner of a Lot shall automatically be a member of the Association.
- 2.2 Classes of Membership. The Association shall have two classes of voting membership:

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

CLASS B. Class B Member(s) shall be the Declarant. Until such time as all Lots held by the Class B Member(s) have been sold and conveyed, all votes of the Association shall be cast solely by the Class B Member(s), to the exclusion of the Class A Members. When all Lots held by Class B Members have been sold and



4042 01714

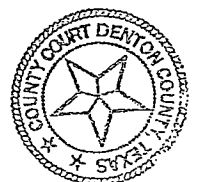
conveyed, then the Class B membership of the Association shall terminate and all votes shall thereafter be cast by Class A Members.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

- 3.1 Creation of the Lien and Personal Obligation for Assessments. Each Owner of a Lot (by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed of other conveyance), for each Lot owned by such Owner, hereby covenants and agrees and shall be deemed to covenant and agree to pay to the Association (or to a mortgage company or other collection agency designated by the Association): (a) annual assessments or charges, to be paid in installments as the Board of Directors of the Association may elect, (b) special assessments for unexpected capital expenditures (such as maintenance equipment) and/or unanticipated expenses such assessments to be fixed, established and collected from time to time as hereinafter provided, and (c) default assessments which may be assessed against an Owner's Lot by the Association at any time and from time to time to reimburse the Association for costs and expenses incurred on behalf of such owner by the Association in accordance with this Declaration. The Monthly Payment Dates with respect to each Lot shall commence upon the date of which title to such Lot has been conveyed to a purchaser of a completed Dwelling Unit. The regular annual assessments collected by the Association shall constitute the "Maintenance Fund" of the Association. The regular annual, special and default assessments, together with such interest thereon and costs of collection thereof as hereinafter provided (collectively "Assessments"), shall be a charge on the land and shall be a continuing lien upon each Lot against which each such Assessment is made. Each such Assessment, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall also be the continuing personal obligation of the person who was the Owner of such Lot at the time when the Assessment became due. Notwithstanding the foregoing, however, in no event shall either Declarant or any Lot or other portion of the Property owned by either Declarant at any time be subject to or liable for any Assessment, claim, lien or other obligation due to or of the Association, provided, that at such time as each Lot owned by either Declarant has been improved with a single family residence with respect to which the City of Denton, Texas, has issued a Certificate of Occupancy, then such Lot shall and after that time be subject to Assessments in accordance with the provisions hereof.

- 3.2 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 of the Property, and in particular for the payment of all costs and expenses related to Common Maintenance, including without limitation services, equipment and facilities devoted to this purpose, including, but not

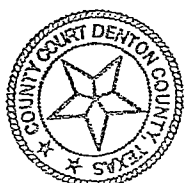


4042 01715

limitation services, equipment and facilities devoted to this purpose, including but not limited to, the payment of all costs and expenses incurred for carrying out the duties of the Board as set forth in Article IV hereafter and for carrying out the purposes of the Association as stated in its Articles of Incorporation.

3.3 Maintenance of the Common Areas by Declarant.

- (a) Until such time as Declarant has sold and conveyed all of the Lots to third party purchasers, Declarant shall have the right (but not the obligation), at its election and in its sole discretion, to assume the exclusive responsibility from time to time of maintaining the Common Maintenance Areas, including, but not limited to, paying the costs of labor, equipment (including the expense of leasing any equipment) and materials required for the maintenance of the Common Maintenance Areas. In this regard, and during such period, all Assessments, both regular and special, collected by the Association shall be forthwith paid by the Association to the Declarant, to the extent that such Assessments are required by Declarant to maintain the Common Maintenance Areas as set forth in this paragraph. The Association shall rely upon a certificate executed and delivered by Declarant with respect to the amount required by Declarant to maintain the Common Maintenance Areas and conduct Common Maintenance hereunder.
- (b) All Common Maintenance Areas situated within the Property shall be maintained by the Association with sums provided by Assessments, and such maintenances shall include and be limited to the items included within the defined term Common Maintenance herein. Each Owner shall be obligated to immediately advise the Board from time to time in writing of any adverse condition or problems affecting or relating to the Common Maintenance conducted for such Owner as a condition precedent to any obligation of the Association to correct such adverse condition or problem. In the event that the Board shall at any time determine, in its sole discretion, that the correction of any adverse condition or problem relating to any Common Maintenance Area involves maintenance that is not includable within the defined term Common Maintenance Area, then the costs of such maintenance and correction, if requested by such Owner and carried out by the Board, shall be charged to such Owner by the Board and shall be paid by such Owner within fifteen (15) days of receipt of request therefor from the Board. Under no such circumstance shall any member of the Board or any officer or agent of the Association be liable to any Owner for any action or inaction of the Board with respect to any Common Maintenance, and each Owner hereby releases and relinquishes forever any claims, demands or actions which such Owner may at any time have or be deemed to have against the Board, any member of the



4042 01716

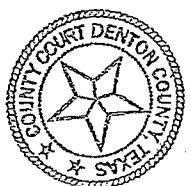
Board or the Association with regard to Common Maintenance, whether arising out of the alleged negligence, misfeasance, malfeasance (but not gross negligence or willful misconduct) of any agent of the Association or any member of the Board.

- (c) Notwithstanding any contrary statement contained in these Covenants, the Association shall have the exclusive, unconditioned, and non-delegable duty to maintain all private streets, alleys and sidewalks, and shall assume responsibility for any and all liabilities or claimed liabilities arising out of any failure or claimed failure to maintain the private roadways. This provision may not subsequently be amended or extinguished without the express consent of the City of Denton

3.4 Basis and Amount of Assessment

- (a) Until the year beginning January 1, 2000, the annual Assessment shall not exceed Five Hundred Forty and no/100 Dollars (\$540.00) per Lot.
- (b) Commencing with the year beginning January 1, 2000, and each year thereafter, the Board of Directors, at its annual meeting next preceding such January 1, 2000, and each January 1 thereafter shall set the amount of the annual Assessment for the following year for each Lot, taking into consideration the current maintenance costs and the future needs of the Association, provided, that from and after January 1, 2000, in no event shall the annual Assessment for each Lot which is being assessed for any year exceed the annual Assessment levied by the Board for the immediately preceding year by more than ten percent (10%) except only in the case of unusual or extraordinary costs and expenses to be paid by the Association as determined from time to time by the Board.

- 3.5 Special Assessments for Capital Items. In addition to the annual Assessments authorized by Section 3.4 above, the Association may levy in any Assessment year a special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, any unanticipated cost or expense related to the Common Maintenance or for the cost of acquiring or replacing any capital item, including the necessary maintenance equipment and personal property related to the Common Maintenance, PROVIDED THAT any such Assessment for capital improvements shall have the assent of the Members entitled to cast two-thirds (2/3) of the votes of the members of the Association entitled to vote who either (a) are voting in person or by proxy at a meeting duly called for this purpose as provided in Section 2.2 or (b) execute a written consent in lieu of a meeting for such purpose.



404242 017171

3.6 Uniform Rate of Assessment. Both regular and special Assessments shall be fixed at a uniform rate for all Lots, provided, that no Lot shall be subject to any Assessments until the date upon which such Lot has been conveyed by either Declarant to a third-party purchaser.

3.7 Date of Commencement of Assessments: Due Date.

- (a) The initial Assessment provided for in Section 3.4 above shall commence on the date fixed by the Board to be the date of commencement, and shall be paid in advance, on the first day of each period designated by the Board thereafter, provided, however, that if the date of commencement falls on other than the first day of a quarter, the Assessment for such quarter shall be prorated by the number of days remaining in the quarter.
- (b) The due date or dates, if it is to be paid in installments, of any special Assessment under Section 3.5 above shall be fixed in the resolution authorizing such Assessments.

3.8 Duties of the Board with Respect to Assessments.

- (a) The Board shall fix the date of commencement and the amount of the Assessment against each Lot for each Assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and Assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner.
- (b) Written notice of the Assessment shall thereupon be delivered or mailed to every Owner subject thereto.
- (c) The Board shall upon demand at any time furnish to any Owner liable for each Assessment a certificate in writing signed by an officer of the Association, setting forth whether such Assessment has been paid. Each such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid. A reasonable charge may be made by the Board for the issuance of such certificate.

3.9 Effect of Non-Payment of Assessment: The Personal Obligation of the Owner, the Lien, Remedies of Association.

- (a) If any Assessment or any part thereof is not paid on the date(s) when due (being the dates specified by the Board pursuant to Section 3.7 above), then the unpaid amount of such Assessment shall become delinquent and shall, together with such



4042 01718

interest thereon and the costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot of the non-paying Owner which shall bind such Lot in the hands of the then Owner, his heirs, executors, devisees, personal representatives and assigns. The Personal obligation of the Owner to pay such Assessment, however, shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them. The lien for unpaid Assessments shall be unaffected by any sale or assignment of a Lot and shall continue in full force and effect. No Owner may waive or otherwise escape liability for the Assessments provided herein by non-use of the Common Maintenance Areas or abandonment of his Lot.

- (b) In furtherance of the Lien provided in Section 3.9(a) above, and to secure the full and timely payment of all Assessments and other amounts payable by each Owner hereunder, each Owner does hereby grant and convey unto Declarant, in trust as Trustee (the "Trustee"), the Lot owned by such Owner, subject to all easements and other encumbrances affecting such Lot, provided, that each such grant shall be subordinated to the lien of any mortgage or deed of trust only to the extent provided in Section 3.10 below; and for these purposes the provisions of this paragraph shall be deemed to have created a deed of trust (the "Deed of Trust") covering all of the Lots with a power of sale granted to the trustee in accordance with the provisions of Chapter 51 of the Texas Property Code (the "Code") and as it may be amended from time to time. The Deed of Trust created hereby shall be upon the same terms and conditions, and shall provide to the Association all of the rights, benefits and privileges, of the Deed of Trust promulgated by the State Bar of Texas for use by lawyers designated as Form No. 2402, and all amendments, modifications and substitutions thereof, which form is hereby incorporated by reference for all purposes hereof. The Association, acting through its president, shall have the right in its sole discretion at any time, and from time to time, to appoint in writing a substitute or successor trustee who shall succeed to all rights and responsibilities of the then acting Trustee.
- (c) Without limitation of the remedies available to the Association and to the other owners upon the occurrence of a default by an Owner in the payment of any Assessment or other amount due and payable hereunder, the Association may, at its election and by and through the Trustee, sell or offer for sale the Lot owned by the defaulting Owner to the highest bidder for cash at public auction in accordance with the provisions of the Code. The Association may, at its option, accomplish such foreclosure sale in such manner as permitted or required by the Code or by any other present or subsequent laws relating to the same. After the sale of any Lot in accordance with the provisions of this paragraph, the Owner of such Lot shall be divested of any and all interests and claims thereof, and the proceeds of any such sell shall be applied in the following order of priority: (1) to the payment of the costs and expenses of taking possession of the Lot, (2) to the payment of reasonable Trustee's fees (3) the payment of costs of advertisement



4042 01719

and sale, (4) to the payment of all unpaid Assessments and other amount payable by such Owner to the Association hereunder, and (5) to the defaulting Owner or to any other party entitled thereto. The Association shall have the right to become the Purchaser at the sale of any Lot hereunder and shall have the right to be credited on the amount of its bid therefor all of the Assessments due and owing by the defaulting Owner to the Association as of the date of such sale.

- (d) If any Assessment or part of thereof is not paid within thirty (30) days after the delinquency date, the unpaid amount of such assessment shall bear interest from the date of delinquency at the maximum legal rate of interest, and the Association may, at its election, bring an action at law against the Owner personally obligated to pay the same in order to enforce payment and/or to foreclose the lien against the property subject thereto, and there shall be added to the amount of such Assessment the costs of preparing and filing the complaint (including reasonable attorneys' fees) in such action, and in the event a judgment is obtained such judgment shall include interest on the Assessment as above provided and reasonable attorneys' fees to be fixed by the court, together with the costs of the action. In addition to interest on delinquent amounts as set forth above, each Delinquent Owner shall be obligated to pay a late charge with respect to any Assessment which is not paid within thirty (30) days after the date due as determined from time to time by the Board.

3.10 Subordination of the Lien to Mortgages. The Lien securing the payment of the Assessments and other obligations provided for herein shall be superior to any and all other charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon any Lot whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage or other instrument, except for:

- (a) bona fide first mortgage or deed of trust liens for purchase money and/or home improvement purposes placed upon a Lot, including without limitation Institutional Mortgages and Eligible Mortgages, in which event the Association's lien shall automatically become subordinate and inferior to such first lien,
- (b) liens for taxes or other public charges as are by applicable law made superior to the Association's lien; and
- (c) such other liens about which the Board may, in the exercise of its reasonable discretion, elect to voluntarily subordinate the Association's lien; provided however, such subordination shall apply only to (a) the Assessments which have been due and payable prior to the foreclosure sale (whether public or private) of such Lot pursuant to the terms and conditions of any such first mortgage or deed of trust or tax lien; and (b) the permitted lien on the Lot alone. Such sale shall not relieve such Lot from liability for the amount of any Assessment thereafter



4042 01720

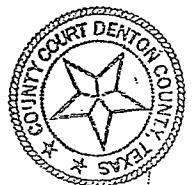
becoming due nor from the lien of any such subsequent Assessment. Such subordination shall not apply where the first mortgage or deed of trust or tax lien is used as a devise, scheme or artifice to evade the obligation to pay assessments and/or to hinder the Association in performing its functions hereunder.

- 3.11 Exempt Property. The following property subject to this Declaration shall be exempted from the Assessments, charge and lien created herein.
- (a) All properties dedicated and accepted by a local authority and devoted to public use.
 - (b) All Lots owned by either Declarant, provided that at such times as each such Lot is improved with a completed residence and Certificate of Occupancy has been issued for such residence by the City of Denton, Texas, then such Lot shall thereafter be subject to the Assessments, charge and lien created herein.

ARTICLE IV

GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS OF THE ASSOCIATION

- 4.1 Powers and Duties.
- (a) The Board, for the benefit of the Property and the Owners, shall provide, and shall pay for out of the Maintenance Fund provided for in Section 3.1 above, the following:
 - (1) Care, preservation and maintenance of the Common Maintenance Areas, including without limitation Common Maintenance and the purchase and upkeep of any desired personal property used in connection with the maintenance of the Common Maintenance Areas.
 - (2) The services of a person or firm to manage the Association or any separate portion thereof, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager.
 - (3) Legal and accounting services.



4042 01721

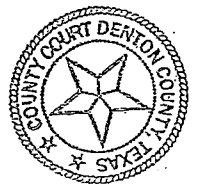
- (4) If deemed appropriate by the Board, a policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants), incident to the operation of the Association, in an amount not less than \$100,000 to indemnify against the claim of one person \$300,000 against the claim of two or more persons in any one occurrence, and property damage insurance in an amount not less than \$100,000 per occurrence; which policy or policies shall contain an endorsement providing that the rights of the named insureds shall not be prejudiced with respect to actions against other named insureds.
 - (5) Workmen's compensation insurance to the extent necessary to comply with any applicable laws.
 - (6) Such fidelity bonds as the Board may determine to be advisable.
 - (7) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, taxes or Assessments (including taxes or Assessments assessed against an individual Owner) which the board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of this Declaration
- (b) The Board shall have the following additional rights, powers and duties:
- (1) To borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.
 - (2) To enter into contracts, maintain one or more bank accounts (granting authority as the Board shall desire to one or more persons to sign checks), and, generally, to have all the powers necessary or incidental to the operation and management of the Association.
 - (3) To provide adequate reserve for maintenance and repairs.
 - (4) To make reasonable rules and regulations for the maintenance and protection of the Common Maintenance, and to amend them from time to time, provided that any rule or regulation may be amended or repealed by an instrument in writing signed by a majority or the Members.



4042 01722

- (5) To make available to each owner upon written request within sixty days after the end of each year an annual report and, upon the written request of one-tenth of the members, to have such report audited by an independent certified public accountant, which audited report shall be made available to each Member within thirty days after completion.
 - (6) To adjust the amount, collect, and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the Members in proportionate amounts to cover deficiency.
 - (7) To enforce the provisions of the Declaration and any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.
- 4.2 Board Powers. Exclusive. The Board shall have the exclusive right to contract for all goods, services, and insurance, payment for which is to be made from the Maintenance Fund and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.
- 4.3 Municipal Indemnification. THE VILLAS OF PINEY CREEK HOMEOWNERS ASSOCIATION, INC., (ASSOCIATION) AGREES TO RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY OF DENTON, ITS OFFICERS, AGENTS AND EMPLOYEES, AND ANY GOVERNMENTAL ENTITY OR PUBLIC UTILITY COMPANY THAT OWNS PUBLIC IMPROVEMENTS WITHIN THIS SUBDIVISION (INDEMNITEES) FROM AND AGAINST ANY AND ALL CLAIMS FOR DAMAGES TO PRIVATE STREETS, RESTRICTED ACCESS GATES AND ENTRANCE, LANDSCAPING AND RELATED APPURTENANCES (PRIVATE IMPROVEMENTS) OCCASSIONED BY THE INDEMNITEES USE, REPAIR OR MAINTENANCE OF ITS EASEMENTS.

THE ASSOCIATION FURTHER AGREES TO RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE INDEMNITEES FROM AND AGAINST ANY AND ALL CLAIMS FOR DAMAGES TO PROPERTY AND INJURY TO PERSONS (INCLUDING DEATH) THAT ARISE OUT OF THE USE OF THE PRIVATE IMPROVEMENTS BY THE INDEMNITEES. THIS INDEMNIFICATION SHALL APPLY REGARDLESS OF WHETHER A CONTRIBUTING FACTOR TO SUCH DAMAGES OR INJURIES WAS THE NEGLIGENT ACTS OR OMISSIONS OF THE INDEMNITEES OR THEIR RESPECTIVE OFFICERS, EMPLOYEES AND AGENTS.



4042 01723

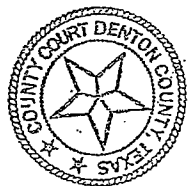
**NEITHER THIS SECTION NOR ANY OF ITS COMPONENT PARTS
MAY BE AMENDED OR EXTINGUISHED WITHOUT THE EXPRESS
CONSENT OF THE CITY OF DENTON, TEXAS.**

- 4.4 Utility Infrastructure: Ownership, Maintenance & Repair. The water distribution, sanitary sewer collection, storm drain and electrical systems will be public; this is they will be owned, operated and maintained by the City of Denton. Some other utilities will also be public; the gas distribution system will be owned, operated and, maintained by Lone Star Gas Co.; the telephone system will be owned, operated and maintained by General Telephone & Electric; and the cable television system will be owned, operated and maintained by Marcus Cable (or its successors). All public utilities will be maintained and repaired by their respective Owners.

ARTICLE V

EASEMENTS

- 5.1 Easement reserved for the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon each Lot and the Property for the carrying out by the Association of its rights, functions, duties and obligations hereunder; provided, that any such entry by the Association upon any Lot shall be made with as minimum inconvenience to the Owner as practical, and any damage caused thereby shall be repaired by the Association at the expense of the Maintenance Fund
- 5.2 Easements and Rights Reserved by Each Declarant. Each Declarant hereby reserves for itself, its successors and assigns, the right to: (1) dedicate streets, walks and alleys throughout the Subdivision, and (2) reserve or grant easements of ingress and egress and for the installation, construction, maintenance, repair and replacement of utilities and related facilities, which shall include, but not be limited to, sewer (sanitary and storm), gas, electric, telephone and water lines, upon, over, under and across the Property, as in its sole discretion deems proper or appropriate. Further, each Declarant hereby reserves temporary construction easements for the construction, repair, removal, maintenance and reconstruction of improvements within the Property, including the right to remove, on a temporary basis, fences, driveways, sprinkler systems, landscaping and other improvements as shall be reasonably necessary to enable such Declarant to complete the development and improvement of the Property; provided, that any such improvements removed by any Declarant shall be replaced and/or restored, upon completion of the construction activities, to substantially their former condition. All claims for damages, if any, arising out of any such construction or other activities by either Declarant are hereby waived by each owner and the Association.



4042 01724

- 5.3 Rights Reserved to Municipal Authorities and Utility Companies. Full rights of ingress and egress shall be had by Declarant, any municipal authority having jurisdiction over the Property, and any utility company which provides utilities to the Property, at all times over any dedicated easement for the installation, operation, maintenance, repair or removal of any utility, together with the right to remove any obstruction that may be placed in such easement that would constitute interference with the use of such easement, or with the use, maintenance, operation or installation of such utility. All claims for damages, if any, arising out of the construction, maintenance and repair of utilities or on account of temporary or other inconvenience caused there by the Declarant, or any utility company or municipality, or any of its agents or servants are hereby waived by each Owner and the Association. Declarant further reserves the right to alter, redesign or discontinue any street, avenue or way shown on the subdivision plat not necessary for ingress or egress to and from and Owner's Lot, subject to the approval of the City of Denton, if required.
- 5.4 Status of Indemnification and Covenants Upon Dedication and Acceptance of Improvements. Should the Declarants, their successors, or assigned, pursuant to paragraph 5.2, herein, or the Association, pursuant to any other residual right, choose to dedicate any or all of the streets, sidewalks, alleys, or other portions of the Property for the public benefit and use, all covenants and indemnifications relating to any such dedicated property shall immediately and automatically, be extinguished upon acceptance of any such dedication. This section may not subsequently be amended or extinguished without the express consent of the City of Denton, Texas.

ARTICLE VI

RIGHTS OF CERTAIN MORTGAGEES AND MORTGAGE INSURERS

The provisions within this Article are for the primary benefit of:

- (a) the owners and holders of Institutional Mortgages which are required to satisfy the applicable requirements of FHA, VA, FNMA, FLMC and other similar governmental quasi-governmental and nationally recognized public and/or private sources of end financing (such mortgagees sometimes collectively referred to herein as "Eligible Mortgagees" and their mortgages referred to as "Eligible Mortgages"); and
- (b) The insurers, guarantors, participants and subsidizers of the Eligible Mortgages, sometimes collectively referred herein as the "Eligible Insurers".

To the extent applicable, necessary or proper, the provisions of this Article VI apply not only to this Declaration but also to the Article of Incorporation and By-Laws of the Association. This Article is supplemental to, and not in substitution of, any other



4042 01725

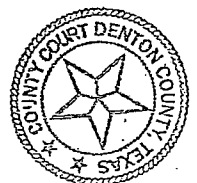
provisions of this Declaration, the Articles of Incorporation and By-laws, but in the event of ambiguity or conflict, this Article shall control.

6.1 Notices of Action. An Eligible Mortgagee or Eligible Insurer who provides written request to the Association (such request to state the name and address of such holder, insurer or guarantor and a reasonable description of the Dwelling Unit Covered by the Eligible Mortgage) will be entitled to receive timely written notice of:

- (a) any proposed termination of the Association;
- (b) any condemnation loss or any casualty loss which affects a material portion of the Property or which materially affects any dwelling Unit on which there is an Eligible Mortgage held, insured or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;
- (c) any delinquency in the payment of Assessments or charges owed by an Owner of a Dwelling Unit subject to the Eligible Mortgage of such Eligible Mortgagee or Eligible Insurer, where such delinquency has continued for a period of sixty (60) days;
- (d) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; or
- (e) Any proposed action which would require the consent of the Eligible Mortgagees as required hereinbelow.

6.2 Joinder to Documents. (a) Eligible Mortgagees who have requested the Association to notify them concerning any proposed action that requires the consent of a specified percentage of Eligible Mortgagees also have the right to join the decision making about certain amendments to this Declaration. Amendments of a material nature (as defined below) shall be agreed to by: (1) at least sixty seven percent (67%) of the dwelling Unit Owners; and (2) the Declarant or the Board of Directors of the Association and (3) Eligible Mortgagees representing at least fifty one percent (51%) of the Dwelling Units are subject to Eligible Mortgages. A substantive change to any of the following shall be considered as material:

- voting rights;
- Assessments, Assessment liens, or subordination of Assessment liens;
- Reserves for maintenance, repair, and replacement of Common Properties,
- Responsibility for maintenance and repairs
- Boundaries of any Lot covered by an Eligible Mortgage
- Convertibility of Dwelling Units into Common Properties or vice versa;
- Insurance of fidelity bonds;



4042 01726

- Imposition of any restrictions on a Dwelling Unit Owner's right to sell or transfer his or her Dwelling Unit;
- Any Action to terminate the legal status of the Property after substantial destruction or condemnation occurs, or
- Any provision that expressly benefit Eligible Mortgagees or Eligible Insurers.

Additions or amendments such as the correction of a technical error or the clarification of a statement shall not be considered or construed as being "material."

- (c) If and when the Dwelling Unit Owners are considering termination of the coverage of this Declaration over the Property for reasons other than substantial destruction or condemnation, the Eligible Mortgagees representing at least sixty-seven percent (67%) of the mortgages Dwelling Units in the Property shall agree.

6.3 Special FHLMC Provision (a) so long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the other Sections of this Article. Unless two-thirds (2/3) of the Eligible Mortgagees or Owners give their consent, and subject to the condition that any proposed action of the Association purportedly covered by the following requirements shall be material and adverse, the Association shall not:

- (1) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common properties which the Association owns, directly or indirectly (but the granting of easements for public utilities or for other public purposes consistent with the intended use of the development shall not be deemed a transfer);
- (2) change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner;
- (3) by act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the exterior appearance and maintenance of Dwelling Units and of any common properties owned by the Association,
- (4) assign any future income of the Association, including its right to receive Assessments,
- (5) fail to maintain fire and extended coverage insurance on assets owned by the Association, if required by this Declaration; or
- (6) use hazard insurance proceeds for any common properties losses for other than the repair, replacement or reconstruction of such properties.

The provisions of the Section 6.3 shall not be construed to reduce the percentage vote that shall be obtained for any of the actions described in this Section.

- (c) Eligible Mortgagees may, jointly or singularly, pay taxes or other charges which are in default and which may or have become a charge against the Common Areas (if any) and may pay overdue premiums on casualty insurance policies, or secure



4042 01727

new casualty insurance coverage upon the lapse of a policy, for any common properties owned by the Association, and Eligible Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

- 6.4 Approval of Amendments. The failure of Eligible Mortgagee or Eligible Insurer to respond within thirty (30) days to any written request of the Association for approval of an addition or amendment shall constitute an implied written approval of the addition or amendment.
- 6.5 Inspection of Books. The Association shall have current copies of the Declaration, Articles of Incorporation, Bylaws, rules, regulations, books, records and financial statements available for inspection by Dwelling Unit Owners and by Eligible Mortgagees and Eligible Insurers during normal business hours or under other reasonable circumstances.
- 6.6 Financial Statements. The Association shall provide any Eligible Mortgagee or Eligible Insurer, which submits a written request with a copy of an annual financial statement within ninety (90) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant, at the expense of the Association, if any Eligible Mortgagee or Eligible Insurer submits a written request for it.
- 6.7 Enforcement. The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors and may be enforced by any of them by any available means, at law, or in equity.
- 6.8 Attendance at Meetings. Any authorized representative(s) of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting of the Association, which an owner may attend.

ARTICLE VII

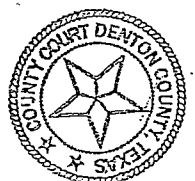
PROTECTIVE COVENANTS

- 7.1 Residential Purpose Only. Each Lot and Dwelling Unit shall be used exclusively for single family residential purposes only. No building or structure intended for or adapted to business purposes, and no apartment house, double house, lodging house, rooming house, hospital, sanatorium or doctor's office, or other multiple-family dwelling shall be erected, placed permitted or maintained on any Lot, or on any part thereof. No improvements or structure whatever, other than a first-class private Dwelling Unit, Patio walls, swimming pool, and customary outbuildings, garage, servants' quarters or guest house may be erected, placed or maintained on any Lot. All parking spaces shall be used exclusively for the parking of passenger automobiles or pickup trucks.



4042 01728

- 7.2 Building Material The total exterior wall area of the first floor of each residential dwelling unit shall be not less than seventy-five percent (75%) brick, brick veneer, stone, stone veneer, masonry or other material approved by the Committee (exclusive of doors, windows, porches, patios, and gables).
- (a) Roofing shall be of a substance acceptable to the City and the committee and shall have a minimum of 8" to 12" roof pitch, except where the City's sight/distance setback requirements discourage this minimum. Roofing material shall consist of a composition type material and be of earth tones and generally meet the standards of existing improvements on neighboring lots on the Property.
 - (b) Siding material to be masonite or wood type material or other material approved by the Committee.
 - (c) All sidewalks and driveways shall be surfaced in concrete or similar substance that is approved by the Committee.
 - (d) Mailboxes shall be standardized and shall be constructed of a material and design approved by the Committee (unless gangboxes are required by the U.S. Postal Service).
 - (e) Windows and skylights shall be composed of anodized aluminum or wood. Street front elevations shall be baked-on painted aluminum or wood divided light windows. Roof vents to be bronze or in a color matching the roofing material.
- 7.3 Minimum Floor Area. The total air conditioned living area of the main residential structure as measured to the outside of exterior walls but exclusive of open porches, garages, patios, and detached accessory buildings, shall not be less than one thousand two hundred (1,200) square feet.
- 7.4 Garages Required. Each residence shall have garage suitable for parking two (2) standard size automobiles, which garage shall conform in design and materials with the main structure, unless otherwise approved in writing by the Committee. No carports shall be permitted on any lot within the Property.
- 7.5 Building Height. The maximum allowable height of any residential structure shall not exceed two the one half (2 1/2) stories. For purposes hereof, any one half (1/2) story of a house must be contained within the peaked roofline of a one-story home, as the case may be.
- 7.6 Uses Specifically Prohibited.
- (a) Parking on streets and cul-de-sacs. No parking of automobiles, pickup truck, campers, commercial vans, commercial pickup trucks, boats, boat trailers, recreational vehicles or other types of non-passenger vehicles, equipment, implements or accessories will be allowed on any cul-de-sac streets within the Property. Parking will be allowed in designated area only of Clermont Lane and in parking areas provided on Piney Creek Blvd. No parking of pick-up trucks



4042 01729

larger than ¾ ton, campers, commercial vans, commercial pickup trucks, boats, boat trailers, recreational vehicles and other types of non-passenger vehicles, equipment, implements or accessories may be parked in any designated parking area.

(b) Temporary Dwellings. No temporary dwelling, shop, trailer, or mobile home of any kind or any improvement of a temporary character (except dog houses, greenhouses, gazebos and buildings for storage or lawn maintenance equipment, which may be placed on a lot only in places which are not visible from any street on which the lot fronts) shall be permitted on any lot except that the builder or contractor may have temporary improvements (such as a sales office and/or construction trailer.) on a given lot during construction of the residence on that lot.

(c) Campers, Trucks, Boats and Recreational Vehicles. No campers, commercial vans, commercial pickup trucks, boats, boat trailers, recreational vehicles and other types of non-passenger vehicles, equipment, implements or accessories may be kept on any Lot unless the same are fully enclosed within the garage located on such Lot and/or said vehicles and said accessories are screened from view by a screening structure or fencing approved by the ACC (as provided in Article VII hereof), and such vehicles and accessories are in an operable condition. The ACC, as designated in this Declaration, shall have the absolute authority to determine from time to time whether a vehicle and/or accessory is operable and adequately screened from public vies. Upon an adverse determination by said ACC, the vehicle and/ or accessory shall be removed and/or brought into compliance with this paragraph.

(d) Structures of a Temporary Character. No structure of a temporary character, such as a trailer, tent, shack, barn or other out-building shall be used on the Property at any time as a dwelling house, provided, however, that any builder may maintain and occupy model houses, sales offices and construction trailers during the construction period.

(e) Animals. No animals, livestock or poultry shall be raised, bred or kept in any portion of the Property except that of dogs, cats or other household pets may be kept, but not for any commercial purposes, provided that they do not create a nuisance. No more than four (4) pets will be permitted on each lot. Pets must be restrained or confined on the homeowner's back lot inside a fenced area or within the house. It is the pet owner's responsibility to keep the lot clean and free of pet debris.

(f) Rubbish, etc. No Lot shall be used in whole or in part for the storage of rubbish of any character whatsoever, not for the storage of any property or thing that will cause such Lot to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any Lot that will emit foul or obnoxious odors, or that will cause any noise that will or



4042 01730

might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding property. No weeds, underbrush or other unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon.

(g) Antennae, Satellite Dishes and Solar Collectors. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Lot unless such apparatus is erected and maintained in such a way that it is screened from public view at a point in the center of the public street right-of-way directly in front of the house erected on such Lot; and no such apparatus shall be erected without the prior written consent of the ACC.

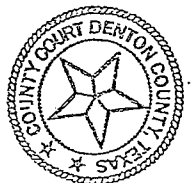
(h) Commercial or Institutional Use. No Lot, and no building erected or maintained on any Lot, shall be used for manufacturing, industrial business, commercial institutional or other non-residential purposes. Nothing in this subparagraph shall prohibit an owner's use of a residence for quiet, inoffensive activities such as tutoring or giving art lessons so long as such activities are in compliance with all applicable governmental and zoning requirements and do not materially increase the number of cars parked on the street or interfere with adjoining homeowners' use and enjoyment of their residences and yards.

(i) Fences, Wall or Shrub Planting. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between three (3) and six (6) feet above the roadway shall be placed or permitted to remain on any corner lot within the triangular area formed by the street right-of-way lines and a line connecting them at points ten (10) feet from the intersection of the street right-of-way lines, or in the case of a rounded property corner, from the intersection of the street right-of-way lines as extended. The same sight-line limitations shall apply on any lot within ten (10) feet from the intersection of a street right-of-way line with the edge of a private driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

(j) Development Activity. Notwithstanding any other provision herein, Declarant and its successors and assigns shall be entitled to conduct on the Property all activities normally associated with and convenient to the development of the Property and the construction and sale of Dwelling Units on the Property.

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

(1) For Sale Signs. An Owner may erect one (1) sign on his Lot, not exceeding 2'x3' in area, fastened only to a stake in the ground and extending



4042 01731

not more than three (3) feet above the surface of such Lot advertising the property for sale provided that they meet all regulatory standards of any governmental body with jurisdiction over same.

(2) Declarant's Sign. Signs or billboards may be erected by Declarant, provided that they meet regulatory standards of any governmental body with jurisdiction over same.

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

(l) Fences. No fence, wall or hedge shall be erected or maintained on any Lot nearer to the street than the building setback lines for the front yard and side yards without prior consent of the ACC. The foregoing restriction shall not be applicable to the construction or erection of any fence, wall or hedge on any Lot by Declarant.

(m) Building Standards. No building shall be erected or maintained on any Lot unless it complies with all applicable governmental requirements, including any applicable building codes and ordinances.

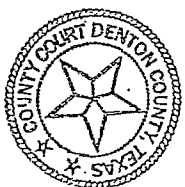
(n) Detached Buildings. No detached accessory building, including, but not limited to detached garages and storage buildings, shall be erected, placed or constructed upon any Lot without the prior consent of the ACC.

(o) Chimneys. All fireplace flues, smoke stacks and spark arrestors shall be completely enclosed and concealed from public view in finished chimneys of material architecturally compatible with the principal finish material of the exterior walls of the dwelling or otherwise approved by the ACC.

(p) Clothes Hanging Devices. Exterior clothes hanging devices shall not be permitted.

(q) Window Treatment. No aluminum foil, reflective film, signs, or similar treatment shall be placed on windows or glass doors. No air-conditioning apparatus shall be installed on the ground in front of a residence or attached to any front wall or window of the residence.

(r) Lot Size. No residential structure shall be erected or placed on any Lot which has a minimum lot width and size greater than that shown on the recorded plat; provided, however, that either Declarant may revise the



4042 01732

width and size of any Lot or Lots which it owns, and the restriction set forth in the preceding sentence shall thereupon not apply to any such revised lot(s). Any such revision by Declarant shall be set forth upon a supplement plat filed of record in accordance with the then-applicable city ordinances and zoning regulations of the City of Denton, Texas.

ARTICLE VIII

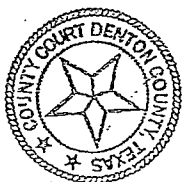
ARCHITECTURAL CONTROL

Anything contained in the foregoing Article VII of this Declaration to the contrary notwithstanding, no erection of buildings or exterior additions or alterations to any building situated upon the Property, nor erection of or changes to or additions in fences, hedges, walls and other structures, nor construction of any swimming pools or other improvements, shall be commenced, erected and maintained until (1) a preliminary sketch showing basic plan and general specifications of same shall have been submitted and approved by an Architectural Control Committee (herein called the "ACC") appointed by the Board, and (2) the final plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design, appearance, and location in relation to surrounding structures and topography by the ACC or by the Board; provided, however, that the provisions of this Article VIII shall not apply to buildings, structures, additions and alterations commenced, erected, or maintained by Declarant. A copy of the approved plans and drawings shall be furnished by each Owner to the ACC and retained by the ACC. In the event the ACC or the Board fails to approve or disapprove such design and location within thirty (30) days after the said plans and specifications have been submitted to it, or in the event, if no suit to enjoin the addition, alteration or changes has been commenced prior to the completion thereof, approval will not be required and this Article will be deemed to have been fully complied with. Neither the members of the ACC nor the Board shall be entitled to compensation for, nor liable for damages, claims or causes of actions arising out of, services performed pursuant to this Article. The provision of this Article VIII shall not be applicable to Declarant or to the construction or erection of any improvements, additions, alterations, buildings, or other structures by Declarant upon any Lot.

ARTICLE IX

GENERAL PROVISIONS

8.1 Power of Attorney. Each and every Owner and Member hereby makes, constitutes and appoints each Declarant (without the necessity of the joined of the other Declarant) as his/her true and lawful attorney-in-fact, coupled with an interest and irrevocable, for him/her and in his/her name, place and stead and for his/her use and benefit, to do the following:



4042 01733

- (a) to exercise, do or perform any act, right, power duty or obligation whatsoever in connection with, arising out of, or relating to any matter whatsoever involving this Declaration and to the Property.
- (b) To sign, execute, acknowledge, deliver and record any and all instruments which modify, amend, change, enlarge, contract or abandon the terms within this Declaration, or any part hereof, with such clause(s), recital(s), covenant(s) agreement(s) and restriction(s) as Declarant shall deem necessary, proper and expedient under the circumstances and conditions as may be then existing; and
- (c) To sign execute, acknowledge, deliver and record any and all instruments which modify, amend, change, enlarge, contract or abandon the subdivision plat(s) of the Property, or any part thereof, with any easements and rights-of-ways to be therein contained as the Declarant shall deem necessary, proper or expedient under the conditions as may then be existing.

The rights, powers and authority of said attorney-in-fact to exercise any and all of the rights and powers herein granted shall commence and be in full force upon recordation of this Declaration in the Denton County Clerk's Office and shall remain in full force and effect thereafter until all Lots owned by Declarant have been sold and conveyed by Declarant to Class A Members.

8.2 Duration. This Declaration shall run with and bind the land subject to this Declaration, and shall inure to the benefit of and be enforceable by the Association and/or the owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for an original fifty (50) year term expiring on the fiftieth (50th) anniversary of the date of recordation of this Declaration, after which time this Declaration shall be automatically extended for successive periods of ten (10) years unless an Instrument is signed by the Owners of at least fifty-one percent (51%) of all Lots within the Property and recorded in the Deed Records of Denton County, Texas, which contains and sets forth an agreement to abolish this Declaration; provided, however, no such agreement (where approved by less than seventy-five percent (75%) of the Owners of all Lots within the Property) to abolish shall be effective unless made and recorded one (1) year in advance of the effective date of such abolishment.

8.3 Amendments. This Declaration is expressly subject to change, modification, and/or deletion by means of amendment at any time and from time to time as provided herein. This Declaration may be amended and/or changed in part as follows (except that the express consent of the City of Denton, Texas, shall be required to amend any and all provisions where so indicated. The preceding sentence may not subsequently be amended or extinguished without the express consent of the City of Denton, Texas.):



4042 01734

- (a) As long as Declarant owns at least one Lot, Declarants shall have the complete and unrestricted right and privilege to amend, change, revise, modify, or delete portions of this Declaration, and each and every Owner and Member specifically and affirmatively authorizes and empowers Declarant, utilizing the attorney-in-fact status set forth in Section 8.1 above, to undertake, complete and consummate any and all such amendments, changes, revisions, modifications or deletions as Declarants (in their sole and absolute discretion) shall deem reasonable and appropriate.
- (b) At such time as Declarants no longer own any Lot within the Property this Declaration may be amended either by (1) the written consent of at least fifty one percent (51%) of the Owners of Lots within the Property, or (2) the affirmative vote of the Members entitled to cast fifty-one percent (51%) of the votes of the Members of the Association entitled to vote who are present at a meeting duly called for such purpose.

Any and all amendments shall be recorded in the Office of the County Clerk of Denton County, Texas.

8.4 Enforcement. Each Owner of each Lot shall be deemed, and held responsible for the acts, conduct and omission of each and every Resident, member, guest and invitee affiliated with such Lot, and such liability and responsibility of each Owner shall be joint and several with their Resident(s), member(s), guests and invitees. The lien created hereby on each Lot shall extend to, cover and secure the property payment and performance by each and every Resident, member, guest and invitee affiliated with each Owner. Unless otherwise prohibited or modified by law, all parents shall be liable for any and all personal injuries and property damage proximately caused by the conduct of their children (under the age of 18 years) within the Property. Enforcement of this Declaration may be initiated by any proceeding at law or in equity against any person or persons violating or attempting to violate them, whether the relief sought is an injunction or recovery of damages, or both, or enforcement of any lien created by this Declaration, but failure by the Association or any Owner to enforce any Covenant herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association and the City of Denton, Texas, are each specifically authorized (but not obligated) to enforce this Declaration. With respect to any litigation hereunder, the prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, from the non-prevailing party.

Notwithstanding any statement to the contrary, in no event shall the City of Denton, Texas be liable to pay any damages, costs, or attorney's fees pursuant to any provisions of these Declarations or to any subsequent amendments. The preceding sentence may not subsequently be amended or extinguished without the express consent of the City of Denton, Texas.



4042 01735

- 8.5 Validity. Violation or failure to comply with this Declaration shall not affect the validity of any mortgage, bona fide lien or other similar security instrument, which may then be existing on any Lot. Invalidation of any one or more of the provisions of this Declaration, or any portions thereof, by a judgment or court order shall not affect any of the other provision or covenants herein contained, which shall remain in full force and effect. In the event any portion of this Declaration conflicts with mandatory provisions of any ordinance or regulation promulgated by the City of Denton (including, without limitation, the zoning Ordinance), then such municipal requirement shall control.
- 8.6 Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration. Words of any gender used herein shall be held and construed to include any other gender, and words in the singular shall be held to include the plural and vice versa, unless the context requires otherwise. Examples, illustrations, scenarios and hypothetical situations mentioned herein shall not constitute an exclusive, exhaustive or limited list of what can or cannot be done.
- 8.7 Registration with the Association. Each and every Owner, Member and Resident shall have an affirmative duty and obligation to originally provide, and thereafter revise and update, within fifteen (15) days after a material change has occurred, various items of information to the Association such as (1) the full name and address of each Owner, Member and Resident, (2) the full name of each individual family member who resides within the residential dwelling of the Lot Owner (3) the business address, occupation and telephone numbers of each Resident; (4) the description and license plate number of each automobile owned or used by a Resident and brought within the Property; (5) the name, address and telephone numbers of other local individuals who can be contacted (in the event the Resident cannot be located) in case of an emergency, and (6) such other information as may be reasonably requested from time to time by the Association. In the event any Owner, Member or Resident fails, neglects, or refuses to so provide, revise and update such information, then the Association may, but is not required to, use whatever means it deems reasonable and appropriate to obtain such information and the offending Owner, Member and Resident shall become automatically jointly and severally liable to promptly reimburse the Association for all reasonable costs and expenses incurred in so doing.
- 8.8 Notices to Resident/Member/Owner. Any notice required to be given to any Resident, Member or Owner under the provisions of this Declaration shall be deemed to have been properly delivered when (1) deposited with the United States Mail, postage prepaid, addressed to the last known address of the person who appears as the Resident, member or Owner on the records of the Association at the time of such mailing, or when (2) delivered by hand or by messenger to the last known address of such person within the Property, or when (3) posted on the association's bulletin board for at least thirty (30) consecutive calendar days.



4042 01736

- 8.9 Notices to Mortgagees. The holder(s) of a mortgage may be furnished with written notification from the Association of any default by the respective mortgagor/Member/Owner in the performance of such mortgagor's Member's/Owner's obligation(s) as established by this Declaration, provided that the Association has been theretofore furnished, in writing, with the correct name and address of such mortgage holder(s) and request such notification and a reasonable supply of self-addressed, stamped envelopes.
- 8.10 Disputes. Matters of dispute or disagreement between Owners, Residents or Members with respect to interpretation or application of the provisions of this Declaration or the Association Bylaws, shall be determined by the Board. These determinations (absent arbitrary and capricious conduct or gross negligence) shall be final and binding upon all Owners, Residents and Members.



4042 01737

Witness the hand of an authorized representative of Declarant on the Acknowledgment date noted below.

DECLARANTS:

THE VILLAS OF PINEY CREEK Joint Venture

MILLENNIUM LAND DEVELOPMENT, LLC

BY: R. W. Slovacek
RONALD W. SLOVACEK, PRESIDENT

MABREY AND PARTNERS DEVELOPMENT, LC

BY: James L. Mabrey
JAMES L. MABREY, MANAGING PARTNER

LEE MEADOWS HOMES, INC.

BY: Al McNatt
AL McNATT, PRESIDENT

THE STATE OF TEXAS X
COUNTY OF Denton X

OWNER - LOT 1, BLOCK A - 2320 CLERMONT LANE DENTON, TEXAS

BY: Rosemarie Boll
ROSEMARIE BOLL



4042 01738

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF DENTON

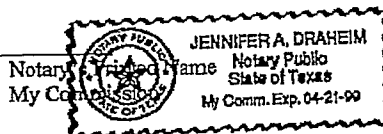
Before me, a Notary Public, on this day appeared Ronald W. Slovacek, President of Millennium Land Development, L.L.C., and proved to me through his Texas Driver's License # 12621419, to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 4 day of March, 1998.

Jennifer A. Draheim

Notary Public, State of Texas

Expires: _____



ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF DENTON

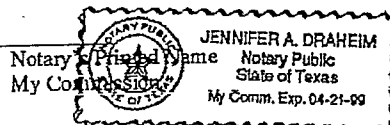
Before me, a Notary Public, on this day appeared James L. Mabrey, Managing Partner of Mabrey and Partners Development, L.C., and proved to me through Texas Driver's License # 01391708, to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 4 day of March, 1998.

Jennifer A. Draheim

Notary Public, State of Texas

Expires: _____



4042 01739

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF DENTON

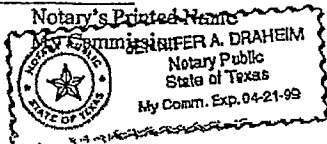
Before me, a Notary Public, on this day appeared Al McNatt, President of Lee Meadows Homes, Inc., and proved to me through Texas Driver's License # 05245282, to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 4 day of March, 1998.

Jennifer A. Draheim

Notary Public, State of Texas

Expires: _____



ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF DENTON

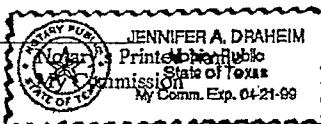
Before me, a Notary Public, on this day appeared Rosemarie Boll, and proved to me through Texas Driver's License # 09428742, to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 4 day of March, 1998.

Jennifer A. Draheim

Notary Public, State of Texas

Expires: _____

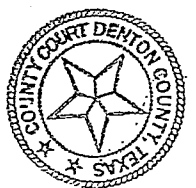


4042 01740

EXHIBIT "A"

PROPERTY DESCRIPTION

Lot 56 in Block A (a 15.413 acre tract) in THE OAKS OF TOWNSHIP II, an Addition in the City and County of Denton, Texas, according to the plat recorded in Cabinet E., Page 13 of the Plat Records of Denton County, Texas.



4042 01741



CERTIFIED A TRUE AND CORRECT COPY
OF THE RECORD ON FILE IN MY OFFICE

JULI LUKE

DENTON COUNTY CLERK

2/9/2015 By: Carmen Robinson
Date Deputy Clerk

Filed for Record in:
DENTON COUNTY, TX
HONORABLE TIM HODGES/COUNTY
CLERK

On Mar 04 1998
At 2:12pm

Doc/Num : 98-R0016598
Doc/Type : DEC
Recording : 63.00
Doc/Mamt : 6.00
Receipt #: 7758
Deputy - MARY

VILLAS OF PINEY CREEK HOMEOWNERS ASSOCIATION, INC.

ADDITION TO DECLARATION OF COVENANTS AND RESTRICTIONS

Article VII, Protective Covenants, Section 7.6 (s) – Property Management

Homeowners/renters/occupants are responsible for watering their front and back lawns sufficient to maintain a healthy lawn. Leases will include a clause to this effect.

Approved by the residents of the Villas of Piney Creek Homeowners Association, Inc.,
at the Annual Meeting on January 11, 2015

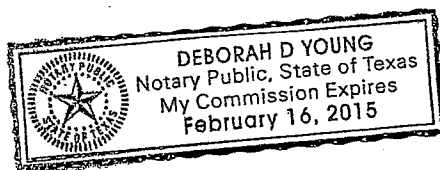
Helen Schenk

Helen Schenk
President
Villas of Piney Creek HOA, Inc.

February 9th 2015
Date

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 9th DAY OF February 2015
BY Helen Schenk

Deborah D Young
NOTARY PUBLIC



4042 01741



CERTIFIED A TRUE AND CORRECT COPY
OF THE RECORD ON FILE IN MY OFFICE

JULI LUKE

DENTON COUNTY CLERK

2/9/2015
Date

By: Carmen Robinson
Deputy Clerk

Filed for Record in:
DENTON COUNTY, TX
HONORABLE TIM HODGES/COUNTY
CLERK

On Mar 04 1998
At 2:12pm

Doc/Hun : 98-R0016590
Doc/Type : DEC
Recording : 63.00
Doc/Mgmt : 6.00
Receipt H : 7758
Deputy - MARY

VILLAS OF PINEY CREEK HOMEOWNERS ASSOCIATION, INC.

AMENDMENT TO DECLARATION OF COVENANTS AND RESTRICTIONS

Page 19 - Article VII, Protective Covenants, Section 7.6 (e) – Animals

The number of pets allowed will be changed, as follows: No more than two (2) pets will be permitted on each lot.

Approved by the residents of the Villas of Piney Creek Homeowners Association, Inc.,
at the Annual Meeting on January 11, 2015

Helen Schenk

Helen Schenk

President

Villas of Piney Creek HOA, Inc.

February 9th 2015

Date

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 9th DAY OF February 2015

BY Helen Schenk
Deborah D Young
NOTARY PUBLIC

