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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
LAKE RIDGE AT JOE POOL LAKE
SECTION 4 - PHASE 1, THE FOUNTAINS OF LAKE RIDGE

1742398

STATE OF TEXAS * 03/08/02 3124172 \$51.00
* Deed
COUNTY OF DALLAS * KNOWN ALL MEN BY THESE PRESENTS:

This Declaration is made on the date hereinafter set forth by BLUEGREEN SOUTHWEST ONE, L.P., formerly known as PROPERTIES OF THE SOUTHWEST, L.P., a Delaware limited partnership duly authorized to do business in the State of Texas, acting herein by and through its General Partner, BLUEGREEN SOUTHWEST LAND, INC., a Delaware corporation also duly authorized to do business in the State of Texas (hereinafter referred to as "Developer").

WITNESSETH:

WHEREAS, Developer is the owner of that certain tract containing approximately 24.83 Acres of land situated in Dallas County, Texas, known as SECTION 4 - PHASE 1, THE FOUNTAINS OF LAKE RIDGE, which is a part of the community known as LAKE RIDGE AT JOE POOL LAKE;

WHEREAS, the plat of Section 4 - Phase 1, The Fountains of Lake Ridge was recorded in Volume 200247, Page 00267, the Map Records in the office of the County Clerk, Dallas County, Texas, on the 8th day of MARCH, 2002, after having been approved as provided by law; and

WHEREAS, it is the desire of Developer to place certain restrictions, easements, covenants, conditions, stipulations and reservations upon and against such Section 4 - Phase 1, The Fountains of Lake Ridge in order to establish a uniform plan for its development, improvement and sale, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of Tracts in Section 4 - Phase 1, The Fountains of Lake Ridge; and

WHEREAS, Developer reserves and retains unto itself, the right, as it, in its sole discretion, shall determine, to (i) add areas to Lake Ridge at Joe Pool Lake and (ii) hereafter place and impose such restrictions, easements, covenants, conditions, stipulations and reservations on any and all property, or portions thereof owned by Developer, in order to establish any plan chosen by Developer for the development, improvement and sale thereof;

NOW, THEREFORE, Developer hereby declares that the Subdivision shall be held, sold, used and conveyed subject to the following Declaration of Covenants, Conditions and Restrictions for Lake Ridge at Joe Pool Lake Section 4 - Phase 1, The Fountains of Lake Ridge, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of the Subdivision, which Declaration shall run with the title to the Subdivision or any part thereof, shall be binding upon all persons and entities having any right, title or interest in any portion of the Subdivision, their heirs, successors, successors-in-title and assigns, and shall inure to the benefit of each owner of any portion of the Subdivision. Developer also declares that the Subdivision shall be subject to the jurisdiction of the "Association" and "SubAssociation" (as both terms are hereinafter defined).

ARTICLE I
DEFINITIONS

Section 1.01 "Accessory Building" shall mean and refer to a subordinate building, attached to or detached from a Dwelling, including but not limited to, a workshop or a storage building.

Section 1.02 "Act" means the Texas Residential Property Owners' Protection Act, Title 11, Chapter 209 of the Texas Property Code, as it may be amended.

Section 1.03 "Annexable Area" shall mean and refer, without limitation, to any property adjacent to or in the proximity of Lake Ridge at Joe Pool Lake or the Subdivision.

Section 1.04 "Association" shall mean and refer to the Property Owners Association of Lake Ridge, a Texas nonprofit corporation, and its successors and assigns.

Section 1.05 "Association Control Transfer Date" shall have the meaning set forth in Section 5.04.



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Section 1.06 "Board of Directors" shall mean and refer to the Board of Directors of the Association or SubAssociation as indicated by the context in which such term is used.

Section 1.07 "Builders" shall mean and refer to persons or entities that purchase Tracts and build speculative or custom homes thereon for third-party purchasers.

Section 1.08 "Common Area" shall mean all real property and any improvements thereto within Lake Ridge at Joe Pool Lake or the Subdivision owned by the Developer and/or the Association for the common use and enjoyment of all the Owners of land in Lake Ridge at Joe Pool Lake.

Section 1.09 "Composite Building Site" shall have the meaning set forth in Section 3.02.

Section 1.10 "Developer" shall mean and refer to Bluegreen Southwest One, L.P. and its successors and assigns.

Section 1.11 "Dwelling" shall mean and refer to a building having accommodations for and occupied by not more than one family.

Section 1.12 "Front Yard" shall mean and refer to a space on a Tract facing a Street and extending across the front of the Tract between the Side Lines and being the horizontal distance between the Street Line and the Dwelling or any projection thereof other than the projection of the usual steps and eave overhangs.

Section 1.13 "Garage" shall mean and refer to a portion of a Dwelling in which motor-driven vehicles are stored.

Section 1.14 "Height" shall mean and refer to the measurement from the average established grade at the Street Line abutting the Tract or, if higher, from the highest point of the natural ground within the building setback lines of the Tract (as established by the Plat), to the highest point of the improvement.

Section 1.15 "Lake Ridge at Joe Pool Lake" shall mean and refer to Sections One, Two, Three, Four (Phase I), Five, Six (Phases I and II), Seven (Phases I, II, and III), Eight, Nine (Phase I), Ten (Phases I-A, I-B, and II), Eleven, Twelve, Thirteen, Fifteen (Phases I, II, and III), Sixteen and Seventeen (Phases I and II) of Lake Ridge at Joe Pool Lake, and any other property hereafter made subject to the jurisdiction of the Association.

Section 1.16 "Limited Common Area" shall mean all real property and any improvements thereto, including but not limited to Private Streets and entrances, if any, within the Subdivision owned by the Developer and/or the SubAssociation intended for the exclusive use or primary benefit of the Owners of Tracts within Lake Ridge at Joe Pool Lake Section 4 – Phase 1, The Fountains of Lake Ridge and any and all future phases of Lake Ridge at Joe Pool Lake Section 4 which may hereafter be annexed pursuant to Section 9.06.

Section 1.17 "Maintenance Charge" and "SubAssociation Maintenance Charge" shall have the meanings set forth in Section 6.01 and Section 8.01, respectively.

Section 1.18 "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to the following: either any Tract (when such reference is to the owner of land in the Subdivision), or any plot of land identified as a tract, lot or homesite on any plat of any portion of Lake Ridge at Joe Pool Lake (when such reference is to the owner of land within Lake Ridge at Joe Pool Lake, and not necessarily within the Subdivision); however, "Owner" shall not refer to the owner of any land identified as "Common Areas" or "Unrestricted Reserves" on any such plat, regardless of the use made of such area; and "Owner" shall include (i) any contract seller (i.e. a seller under a contract-for-deed) other than any seller having such interest merely as security for the performance of an obligation, (ii) Developer (subject to the limitations on Developer's rights and obligations as an Owner set forth herein), and (iii) Builders.

Section 1.19 "Plat" shall mean and refer to the Final Plat of Lake Ridge Section 4 – Phase 1, The Fountains of Lake Ridge, an addition to the City of Cedar Hill, Texas, recorded at Volume 202047, Page 0267, of the Map Records in the office of the County Clerk of Dallas County, Texas.

Section 1.20 "Private Street" shall mean and refer to any street designated as private on a plat approved by the appropriate officials of the City of Cedar Hill, Texas, and recorded in the Map Records in the office of the County Clerk of Dallas County, Texas. In the City of Cedar Hill, Texas, certain City services are not provided on Private Streets, and among the services not provided are street lighting, routine police patrols, enforcement of traffic and parking ordinances, and preparation of accident reports. Depending on the characteristics of the Private Street, other services may not be provided on it.



- Section 1.21** "Rear Line" shall mean the opposite of Street Line.
- Section 1.22** "Rear Yard" shall mean and refer to a space extending across the rear of a Tract from one Side Line to the other Side Line and being the horizontal distance between the Rear Line and the Dwelling or any projection thereof other than the projection of the usual steps and eave overhangs.
- Section 1.23** "Related User" shall have the meaning set forth in Section 5.04.
- Section 1.24** "SACC" shall mean and refer to the Architectural Control Committee of the SubAssociation.
- Section 1.25** "Side Line" shall mean and refer to any boundary line of a Tract which is not a Street Line or Rear Line.
- Section 1.26** "Street" shall mean and refer to any Private Street or any public roadway shown on an approved plat or any replat of Lake Ridge at Joe Pool Lake.
- Section 1.27** "Street Line" shall mean and refer to that boundary line of a Tract which is also the boundary line of a Street.
- Section 1.28** "SubAssociation" shall mean and refer to Section 4 - The Fountains of Lake Ridge Property Owners Association, and its successors and assigns.
- Section 1.29** "SubAssociation Control Transfer Date" shall have the meaning set forth in Section 4.02.
- Section 1.30** "Subdivision" shall mean and refer to all the real property which is depicted on and subject to the Plat and subject to the Declaration. The name of the subdivision is "Lake Ridge Section 4 - Phase 1, The Fountains of Lake Ridge."
- Section 1.31** "Tract" shall mean and refer to any plot of land identified as a Tract or residential lot on the Plat.

ARTICLE II RESERVATIONS, EXCEPTION AND DEDICATIONS

- Section 2.01** Recorded Subdivision Map of the Property. The Plat dedicates for use as such, subject to the limitations as set forth therein, the roads, streets and easements shown thereon. The Plat further establishes certain restrictions applicable to the Subdivision. All dedications, restrictions and reservations created herein or shown on the Plat, replats or amendments of the Plat recorded or hereafter recorded shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Developer, whether specifically referred to therein or not.
- Section 2.02** Easements. Developer reserves for public use the utility easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Real Property Records of Dallas County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, storm surface drainage, cable television, or any other utility the Developer sees fit to install in, across and/or under the land subject to such utility easements. All public utility easements in the Subdivision may be used for the construction of drainage swales in order to provide for improved surface drainage of the Reserves, Common Area, Tracts and/or all other areas of the Subdivision or any part thereof. Should any utility company furnishing a service covered by any easement herein provided request a specific easement by separate recordable document, Developer, without the joinder of any other Owner and without conflicting with the terms hereof, shall have the right to grant such easement on the property which shall already have been made subject to the easement provided herein. Any utility company serving the subdivision shall have the right to enter upon any public utility easement for the purpose of installation, repair and maintenance of their respective facilities. Neither Developer nor any utility company, political subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property covered by said easements.
- Section 2.03** Title Subject to Easements. It is expressly agreed and understood that the title conveyed by Developer to any of the Tracts by contract for deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, electric lighting, electric power, telegraph or telephone purposes and other easements hereafter granted affecting the Tracts. The Owners of the respective Tracts shall not be deemed to own pipes, wires, conduits or other service lines running through their Tracts which are utilized for or service other Tracts, but each Owner shall have an easement in and



to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Tract. The Developer may convey title to said easements to the public, a public utility company, the Association or the SubAssociation.

Section 2.04 Public Utility Easements.

a. Utility ground and aerial easements have been dedicated in accordance with the Plat and may be dedicated by separate recorded easement documents.

b. No building shall be located over, under, upon or across any portion of any public utility easement. The Owner of each Tract shall have the right to construct, keep and maintain concrete drives, fences, and similar improvements across any utility easement and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Tracts, provided, however, that no fences shall be erected across any drainage or sanitary sewer easement, and any concrete drive, fence or similar improvement placed upon any such public utility easement by the Owner shall be constructed, maintained and used at the Owner's risk. Accordingly, the Owner of each Tract subject to any such public utility easement shall be responsible for (i) the making of any and all repairs to the concrete drives, fences and similar improvements which cross or are located upon such public utility easement and (ii) the repairing of any damage to any such improvements caused by the Utility District or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within any such public utility easements.

ARTICLE III
USE RESTRICTIONS

Section 3.01 Single-Family Residential Construction. No building shall be erected, altered, placed or permitted to remain on any Tract other than one Dwelling unit per each Tract to be used for single-family residential purposes. All Dwellings and Accessory Buildings must be approved in writing by the SACC prior to being erected, altered or placed on the property. Approval by the SACC shall in no way affect the Owner's obligation to comply with all governmental laws and City of Cedar Hill, Texas regulations. The term "Dwelling" does not include single or doublewide manufactured homes, and said manufactured homes are not permitted within the Subdivision. All Dwellings must have at least 2000 square feet of living area, or 2400 square feet of living area for a two-story dwelling, excluding porches, measured from the exterior walls, under one roof. A minimum of ninety-five (95) percent of the exterior walls of all residential dwellings shall be of masonry and/or glass construction. Chimneys located on the exterior walls shall be of one hundred (100) percent masonry construction as well as all exposed portions of an interior wall chimney. Such masonry material shall be of quality and appearance equal or superior to standard clay, slate, common brick, color pigment portland cement brick, stucco or quarried stone as adopted by the SACC. Exterior material of any Dwelling, other than the required masonry portion, shall be a material which, in the sole opinion of the SACC, compliments the architecture of the Dwelling. The roof of any Dwelling shall be of composition shingle to meet standards as adopted by the SACC. The use of sheet metal or similar material on either the roof or exterior sides of any Dwelling other than as flashing, is hereby prohibited. Each Dwelling shall be constructed so as to have accommodations for at least two (2) cars. No vehicle entrance of a Garage located on a Tract shall face the Street Line on which the Dwelling fronts except those which are granted a written variance. No individual sewage disposal system shall be permitted in the subdivision. All Dwellings must be built with new construction material. Construction of residential structures on any Tract shall begin within twelve (12) months of the date of the closing of the purchase of such Tract from the Developer or the Builder, whichever is later. If construction is not commenced within such twelve-month period, the Developer shall have the right but not the obligation to repurchase the lot. The repurchase price shall be the buyer's initial purchase price plus actual interest paid to the lender of record. Any building, structure or improvement commenced on any Tract shall be completed as to exterior finish and appearance within nine (9) months after the laying of the foundation. A minimum landscape package will be required as adopted by the SACC prior to the occupancy of the residence. An optional extension may be granted to allow for additional construction. As used herein, the term "single-family residential purposes" shall be construed to prohibit mobile homes or trailers being placed on Tracts, or the use of Tracts for duplex houses, condominiums, townhouses, or apartment houses. All Tracts shall be for single-family residential purposes and all homes must be site-constructed. All houses are required to have foundations designed under seal by a professional engineer licensed by the State of Texas. The minimum foundation requirements will be a pier and beam foundation.

Section 3.02 Composite Building Site. Any Owner of one or more adjoining Tracts (or portions thereof) may, with the prior written approval of the SACC, and the City of Cedar Hill, Texas, consolidate such Tracts or portions into one building site (hereinafter referred to as a "Composite Building Site"), with the privilege of placing or constructing improvements on such resulting site, in which case the side



set-back lines shall be measured from the resulting side property lines rather than from the Tract Side Lines as indicated on the Plat.

Section 3.03 Location of the Improvements upon the Tract. The minimum dimension of Tracts and yards, and the minimum Tract area per family shall be as follows:

- a. Tract area: The minimum area of a Tract shall be 9600 square feet.
- b. Front Yard: Each Tract shall have a Front Yard with a depth of not less than thirty (30) feet.
- c. Side Yard: Each Tract shall have a minimum side yard as noted on the Plat.
- d. Rear Yard: Each Tract shall have a Rear Yard with a depth of not less than twenty (20) feet.
- e. Width of Tract: Sixty (60) feet shall be the minimum width of each Tract at the building line.
- f. Height Regulations: The maximum Height of any Dwelling shall be the lesser of two stories or thirty-five (35) feet. All Dwellings must be served with water, electricity and sewer.

Section 3.04 Use of Temporary Structures. No structure of a temporary character, whether an underground structure, trailer, tent, shack, Garage, barn or other Accessory Building shall be maintained or used on any Tract at any time as a residence, either temporarily or permanently; provided, however, that Developer reserves the exclusive right to erect, place and maintain such facilities in or upon any property in the Subdivision that it owns as Developer in its sole discretion may deem necessary or convenient while selling Tracts, selling or constructing residences and constructing other improvements within the Subdivision.

Section 3.05 Walls and Fences. Walls and fences, if any, must be approved by the SACC prior to construction. All fences must be maintained to the satisfaction of the SubAssociation Board of Directors. All fences must be black wrought iron and Austin stone or any equivalent as may be adopted by the SACC. No fences shall be erected across any drainage or sanitary sewer easements. Any improvements that are constructed within easements will be at the Owner's risk, and the City will not be responsible for the replacement thereof should they need to be removed. The height of any fence shall not exceed ten (10) feet.

Section 3.06 Prohibition of Offensive Activities. No activity, whether for profit or not, shall be conducted on any Tract which is not related to single-family residential purposes, unless such activity meets the following criteria:

- a. No additional exterior sign of activity is present,
- b. It is the type of action that usually happens in a home,
- c. No additional traffic, that would not be there normally, is created,
- d. The entity or activity maintains an office or place of business elsewhere, and
- e. The activity does not create a dangerous situation or involve dangerous materials.

Nevertheless, the foregoing restrictions shall not be deemed to prohibit the customary sales activities for the sale of homes in the Subdivision. Furthermore, the discharge or use of firearms in the Subdivision is expressly prohibited. The SubAssociation shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance in violation of this Section.

Section 3.07 Garbage and Trash Disposal. Garbage and trash or other debris accumulated in this Subdivision shall not be permitted to be dumped at any place upon adjoining land where a nuisance to any residence of this Subdivision is or may be created. No Tract shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be allowed to accumulate, shall be kept in sanitary containers and shall be disposed of regularly. During the construction period, the builder is required to maintain a dumpster on the building site. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 3.08 Junked Motor Vehicles Prohibited. No Tract shall be used as a depository for abandoned or junked motor vehicles. No junk of any kind or character, or dilapidated structure or building of any kind or character, shall be kept on any Tract.

Section 3.09 Signs. No signs, advertisements, billboards or advertising structure of any kind may be erected or maintained on any Tract without the consent in writing of the SACC and, as long as

Developer owns any Tract in the Subdivision, Developer, except (a) one (1) professionally made sign not more than twenty-four inches by twenty-four inches, advertising an Owner's home for sale or rent, (b) one (1) professionally made sign, not more than twelve inches (12") wide by twenty-four inches (24") long by which Developer identifies the name or names of each purchaser of the Tract or (c) any other signs used by Developer in conjunction with its initial marketing. No "For Sale" signs or "Broker" signs shall be placed on any Tract until after the Dwelling is constructed, except for Developer's signs used in conjunction with initial marketing. Builders shall be allowed to place one professionally made sign on their Tracts, or on any Tract that they have contracted to construct a home, not more than thirty-six inches (36") by thirty-six inches (36"). All other signs are prohibited. Developer or any member of the SACC shall have the right to remove any such sign, advertisement or billboard or structure which is placed on any Tract in violation of these restrictions, and in doing so, shall not be liable, and is hereby expressly relieved from, any liability for trespass or other sort in connection therewith, or arising from such removal.

Section 3.10 Animal Husbandry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Tract; provided, however, that dogs, cats, or other common household pets may be kept on a Tract. Animals are not to be raised, bred or kept for commercial purposes or for food. Pets must be kept in a kennel, dog run, or fenced in area that confines said pet(s) to that area. Dogs will not be permitted to run loose in the Subdivision and must be vaccinated for rabies according to State law once a year and registered with the City of Cedar Hill, Texas once a year.

Section 3.11 Mineral Development. No commercial oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Tract. No derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained or permitted upon any Tract.

Section 3.12 Drainage. Natural established drainage patterns of Streets, Tracts or roadway ditches will not be impaired by any person or persons. Driveway culverts must be installed and will be of sufficient size to afford proper drainage of ditches without backing water up into a ditch or diverting flow. Drainage culvert installation is subject to the inspection and approval of the City of Cedar Hill, Texas and must be installed prior to any construction on a Tract. All driveways must be reinforced concrete and be a minimum of ten (10) feet in width.

Section 3.13 Re-subdividing. No Tract shall be re-subdivided, and only one Dwelling shall be constructed thereon.

Section 3.14 Leasing. No Tract or Dwelling shall be leased or rented except for the leasing or renting of the Dwelling on the Tract to a single party.

Section 3.15 Uses and maintenance of the Tract and All Improvements Located Thereon. Without limiting the foregoing, the following restrictions shall apply to all Tracts:

a. No boat, jet-ski, aircraft, travel trailer, motor home, mobile home, camper body or similar vehicle or equipment may be parked for storage in the Front Yard of any Dwelling or parked on any Street in the Subdivision, nor shall any such vehicle or equipment be parked for storage in the side yard or Rear Yard of any Dwelling. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a Dwelling in the immediate vicinity.

b. Trucks with tonnage in excess of one and one-half tons shall not be permitted to park overnight within the Subdivision except those used by a Builder during the construction of improvements. No vehicle with painted advertisements or business placards on its body shall be permitted to park overnight on any Street within the Subdivision except for those vehicles used by a Builder during the construction of improvements.

c. No vehicle of any size which transports inflammatory or explosive cargo may be kept in the Subdivision at any time.

d. No vehicles or similar equipment shall be parked or stored in an area visible from any Street except passenger automobiles, passenger vans, motorcycles, pick-up trucks and pick-up trucks with attached bed campers that are in operating condition and have current license plates and inspection stickers and are in daily use as motor vehicles on the streets and highways of the State of Texas.

Section 3.16 Antennas. No antenna of any kind shall exceed five feet above the roof of the Dwelling or Accessory Building. One satellite dish or other instrument or structure may be placed in the Rear Yard so long as it is completely screened from view from any Street.



Section 3.17 Sidewalks. All sidewalks shall conform to the specifications and regulations of the City of Cedar Hill, Texas. Sidewalks must be built when Dwelling is constructed. Builders of Dwellings on corner Tracts shall construct sidewalks on both sides that front a Street.

Section 3.18 Duty of Maintenance. Owners and occupants (including lessees) of any Tract shall jointly and severally have the duty and responsibility, at their sole cost and expense, to keep that Tract so owned or occupied, including improvements and grounds in connection therewith, in a well-maintained, safe, clean and attractive condition at all times. Such maintenance includes, but is not limited to the following:

- a. Prompt removal of all litter, trash, refuse and wastes
- b. Lawn mowing
- c. Tree and shrub pruning
- d. Watering
- e. Keeping exterior lighting and mechanical facilities in working order
- f. Maintaining lawn and garden areas in an attractive state
- g. Keeping driveways in good repair
- h. Complying with all government health and policy requirements
- i. Repair of exterior damage to improvements

Section 3.19 Enforcement. If, in the opinion of the SubAssociation Board of Directors or the SACC any such Owner or occupant (including lessees) has failed to comply with any of the foregoing restrictions or has failed in any of the foregoing duties or responsibilities, then the SACC or SubAssociation shall deliver to such Owner or occupant (including lessees) written notice of such failure and such Owner or occupant (including lessees) must within ten (10) days from and after delivery of such notice, comply with the restrictions and/or perform the care and maintenance required. Should any such Owner or occupant (including lessees) fail to fulfill this duty and responsibility within such period, then the SACC, or SubAssociation, or their designated agents are hereby authorized to enter onto the premises and correct such violations and perform such care and maintenance as necessary without any liability for damages for wrongful entry, trespass or otherwise to any person. The Owners and occupants (including lessees) of any Tract on which such work is performed shall promptly reimburse the SACC or SubAssociation for such cost. If such Owner or occupant (including lessees) shall fail to reimburse the SACC or SubAssociation within thirty (30) days from and after delivery of an invoice setting forth the costs incurred for such work, then such costs shall be a debt of the Owner and occupant (including lessees) jointly and severally.

ARTICLE IV SUBASSOCIATION ARCHITECTURAL CONTROL COMMITTEE

Section 4.01 Basic Control.

a. No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced or changes made in the design or exterior appearance thereof, any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on any Tract in the Subdivision until the necessary approval (as hereinafter provided) of the construction plans and specifications for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action has been obtained from the SACC. Approval by the SACC shall in no way effect the Owner's obligation to comply with all governmental laws and City of Cedar Hill, Texas regulations.

b. Each application made to the SACC or to the Developer under Section 4.02. below shall be accompanied by three (3) sets of plans and specifications for all proposed construction (initial or alteration) together with engineered foundation plans for such Tract, including plot plans showing location of improvements on the Tract. Upon receipt, the SACC shall forward one set of the plans and specifications to the Developer.

Section 4.02 SubAssociation Architectural Control Committee.



a. The SACC may promulgate design standards applicable to all residential lots within the Subdivision. Those standards may be amended from time to time as determined by the SACC. The SACC shall review and approve or deny, in its sole discretion, all exterior components of all structures within the Subdivision.

b. The authority to grant or withhold architectural control approval as referred to above is initially vested in the Developer; provided, however, the authority of the Developer shall cease and terminate upon the formation of the SACC, in which event such authority shall be vested in and exercised by the SACC (as provided in Section 4.02(c) below), except as to plans and specifications and plot plans theretofore submitted to the Developer, which shall continue to exercise such authority over all such plans, specifications and plot plans. The rights, powers and responsibilities of the SACC as set forth in this Declaration shall belong to the Developer until the SACC is formed as provided below.

c. Developer shall select and appoint three Owners of Tracts to serve as the initial SACC. These three persons shall also serve as the initial Board of Directors of the SubAssociation. These three owners shall serve in both positions until a new SACC and a new SubAssociation Board of Directors are elected at the next succeeding annual meeting following the SubAssociation Control Transfer Date. After those three people begin their service in both such capacities, the members of the SACC and the SubAssociation Board of Directors need not be the same people.

d. At such time as all of the Tracts in the Subdivision are conveyed by Developer and Dwellings have been constructed thereon (from time to time hereafter referred to as the "SubAssociation Control Transfer Date") the Developer shall cause an instrument transferring control to the SubAssociation to be placed of record in the Real Property Records of Dallas County, Texas (which instrument shall include the SubAssociation Control Transfer Date). From and after the SubAssociation Control Transfer Date, each member of the SACC must be an Owner of a Tract. Additionally, the Developer shall have the right to discontinue the exercise of architectural control privileges and arrange for the transfer to the SubAssociation at any time prior to the SubAssociation Control Transfer Date by filing a statement and instrument to such effect in the Real Property Records of Dallas County, Texas.

Section 4.03 Effect of Inaction. Approval or disapproval as to architectural control matters as set forth in the preceding provisions of this Declaration shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval (whether the Developer or the SACC) fails to approve or disapprove in writing any plans and specifications and plot plans received by it in compliance with the preceding provisions within thirty (30) days following such submissions, such plans and specifications and plot plan shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof.

Section 4.04 Effect of Approval. The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the SACC that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specifications and plot plan; and such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plot plan, but, nevertheless, fail to comply with the provisions hereof. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and neither the Developer, the SubAssociation, nor the SACC shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, for ensuring the adequacy of soils or drainage, for ensuring compliance with building codes and other governmental requirements, or for ensuring that all Dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property Owners. Neither the Developer, the Association, the Association Board of Directors, the SubAssociation, the SubAssociation Board of Directors, the SACC, nor any committee or member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction or modifications to any Tract. Further, no person exercising any prerogative of approval or disapproval shall incur any liability by reasons of the good faith exercise thereof.

Section 4.05 Variance. The Developer and the SACC may authorize variances from compliance with any of the provisions of this Declaration or minimum acceptable construction standards or regulations and requirements as promulgated from time to time by the Developer or the SACC when circumstances such as topography, natural obstructions, Tract configuration, Tract size, hardship, aesthetic or environmental considerations may require a variance. The Developer and the SACC reserve the right to grant variances as to building setback lines, minimum square footage of the residence and other items. Such variances must be evidenced in writing and shall become effective when signed by the Developer or by a majority of the members of the SACC. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which



the variance is granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall the granting of any variance by the Developer or the SACC, affect in any way the Owner's obligation to comply with all laws and City of Cedar Hill, Texas regulations affecting the property concerned and the Plat.

ARTICLE V PROPERTY OWNERS ASSOCIATION OF LAKE RIDGE

Section 5.01 Membership. Every Owner of a Tract which is subject to the Maintenance Charge (or could be subject to the Maintenance Charge following the withdrawal of an exemption therefrom) and other assessments provided herein, including contract sellers, shall be a "Member" of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. Owners shall have one membership for each Tract owned by such Member. Memberships shall be appurtenant to and may not be separated from the ownership of the Tracts. Regardless of the number of persons who may own a Tract (such as husband and wife, or joint tenants, etc.), there shall be but one membership for each Tract, and all persons owning a portion of a single Tract or a Composite Building Site shall share the privileges of such membership, subject to the reasonable regulation of the Association's Board of Directors and the restrictions on voting set forth in the By-laws of the Association. Additionally, after the Control Transfer Date the Directors of the Association must be Members of the Association (as more particularly described in the By-laws). Ownership of the Tracts shall be the sole qualification for membership. The voting rights of the Members are set forth in the By-laws of the Association. Notwithstanding the foregoing, this Declaration shall not be construed as to assess the Veterans Land Board or the State of Texas. Any assessments are the personal obligation of the Veteran purchaser, his successors, heirs and assigns. Any lien imposed by the restrictive covenants does not affect the Veterans Land Board's interest in the property. The membership rights of any Owner which is not a natural person may be exercised by any officer, director, member, manager, partner or trustee of the Owner, or by any individual designated from time to time by the Owner in a written instrument delivered to the secretary of the Association.

Section 5.02 Nonprofit Corporation. The Association has been organized and is governed by its Articles of Incorporation and By-laws; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 5.03 By-laws. The Association has adopted or may adopt whatever By-laws it may choose to govern the organization or operation of Lake Ridge at Joe Pool Lake and the use and enjoyment of the Tracts and Common Area, provided that the same are not in conflict with the terms and provisions hereof. To the extent that a conflict arises, the provisions of the Association's By-laws shall be superior to the provisions contained herein and in the By-laws of the SubAssociation.

Section 5.04 Owner's Right of Enjoyment. Every Owner shall have a beneficial interest of use and enjoyment in and to the Common Area, and such right shall be appurtenant to and shall pass with the title to every Tract, subject to the following provisions:

- a. The right of the Association, with respect to all the Common Area outside of the Subdivision, to limit the number of guests of Owners;
- b. The right of the Association to charge reasonable admission and other fees for the use of any facility situated upon any of the Common Area outside of the Subdivision;
- c. The right of the Association, in accordance with its Articles and By-laws and, until the date when seventy-five percent (75%) of all plots of land identified as Tracts, residential lots or homesites on all plats or any portion of Lake Ridge at Joe Pool Lake, as it is configured from time to time, shall have been sold (the "Association Control Transfer Date"), subject to the prior written approval of the Developer, to (i) borrow money for the purpose of improving and maintaining the Common Area and facilities (including borrowing from the Developer or any entity affiliated with the Developer) and (ii) mortgage said property; however, the rights of such mortgagee of said property shall be subordinate to the rights of the Owners hereunder;
- d. The right of the Association to suspend any Member's voting rights and the rights of any Member and "Related Users" (as hereinafter defined) to use any recreational facilities within the Common Area during any period in which the Maintenance Charge or any assessment against such Member's Tract remains unpaid;
- e. The right of the Association to suspend any Member's voting rights and the rights of any Member and the Member's family members, guests and invitees ("Related Users") to use any recreational facilities within the Common Area, after notice and hearing by the Board of Directors, for the infraction

or violation by such Member or Related Users of this Declaration or the "Rules and Regulations," as hereinafter defined, which suspension shall continue for the duration of such infraction or violation, plus a period not to exceed sixty (60) days following the cessation or curing of such infraction or violation.

**ARTICLE VI
PROPERTY OWNERS ASSOCIATION
OF LAKE RIDGE MAINTENANCE FUND**

Section 6.01 Maintenance Fund Obligation. Beginning with the first conveyance of a Tract to an Owner other than Developer, each Owner of such Tract, by acceptance of a deed or other conveyance of such Tract, whether or not it shall be expressed therein, is deemed to covenant and agree to pay to the Association an annual maintenance charge (the "Maintenance Charge"), and any other assessments or charges levied by the Association pursuant to the terms of this Declaration. The Maintenance Charge and any other assessments, fines or charges hereby levied, together with such interest thereon and costs of collection thereof, including any reasonable attorneys' fees as allowed by the Act, as hereinafter provided, shall be a personal obligation of the Owner of the Tract and a charge on the Tracts and shall be a continuing lien upon the property against which each such Maintenance Charge, other charges or fines, and assessments are made.

Section 6.02 Basis of the Maintenance Charge.

a. The Maintenance Charge referred to shall be used to create a fund to be known as the "Maintenance Fund," which shall be used as herein provided; and each such Maintenance Charge (except as otherwise hereinafter provided) shall be paid by the Owner of each Tract to the Association. The Maintenance Charge for the year of purchase shall be prorated at closing and then shall be paid annually, in advance, on or before the first (1st) day of the first (1st) month of each calendar year.

b. Any Maintenance Charge not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the hereinafter-described lien against the Owner's Tract. No Owner may waive or otherwise escape liability for the Maintenance Charge by nonuse of any Common Area or recreational facilities available for use by Owners of Tracts or by the abandonment of his Tract.

c. The exact amount of the Maintenance Charge applicable to each Tract will be determined by the Developer. All other matters relating to the Maintenance Charge and the collection, expenditures and administration of the Maintenance Fund shall be determined by the Developer until the Association Control Transfer Date; and thereafter by the Board of Directors of the Association, subject to contrary provisions hereof, if any.

d. The Association, from and after the Association Control Transfer Date, shall have the further right at any time, with a majority vote of all Association members, to adjust or alter the Maintenance Charge from year to year as it deems proper to meet the reasonable operational expenses and reserve requirements of the Association in order for the Association to carry out its duties hereunder.

Section 6.03 Creation of Lien and Personal Obligation. In order to secure the payment of the Maintenance Charge, and other charges, fines and assessments hereby levied, each Owner of a Tract, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Tract which may be foreclosed by judicial or nonjudicial foreclosure in like manner as a mortgage on real estate pursuant to the provisions of Title 5, Chapter 51 of the Texas Property Code (and any successor statute); and each such Owner hereby expressly grants the Association a power of sale in connection therewith. Notwithstanding anything to the contrary contained herein, and as set forth in the Act, neither the Developer nor the Association shall be permitted to bring an action for foreclosure under this Section solely for fines assessed by the Association or for attorneys' fees incurred by the Association solely associated with fines assessed by the Association.

In any foreclosure action brought under the power-of-sale provisions, the Association shall be deemed to be the holder and owner of the obligation secured by this Declaration. The registered agent of the Association shall be the trustee for all purposes of the foreclosure proceeding. The Association shall have the power to appoint a substitute trustee if for any reason the Association desires to replace the trustee, and the substitute trustee shall succeed to all rights, powers and duties thereof. The Association shall request of the trustee to sell the Tract subject to the lien at public auction for cash, after having first given such notice and advertising the time and place of such sale in such manner as may then be provided by law for mortgages, and upon such sale and upon compliance with the law then relating to foreclosure proceedings under power of sale, to convey the Tract to the purchaser in as full and ample manner as authorized by Title 5, Chapter 51 of the Texas Property Code. The trustee shall be authorized to retain an attorney to represent such trustee in such proceedings. After the trustee retains its commission, the



proceeds of such sale, together with any additional attorneys' fees incurred by the trustee, shall be applied to the costs of the sale, including but not limited to costs of collection, taxes, assessments, costs of recording, service fees, and incidental expenditures, the amount any debt secured by the Tract, and any advancements made by the Association in the protection of the security. Following any such foreclosure, each occupant of any such Tract foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder.

The Association may bid for the Tract at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Tract. While a Tract is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no Maintenance Charge or other charge, fine, or assessment shall be levied on it; and (c) each other Tract shall be charged, in addition to its usual Maintenance Charge, its pro rata share of the Maintenance Charge that would have been charged such Tract had it not been acquired by the Association.

In the event of any Owner's nonpayment of any Maintenance Charge or other charge, fine or assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the remedies provided herein, upon ten (10) days' prior written notice thereof to such delinquent Owner, exercise all other rights and remedies available at law or in equity. The Association may sue for unpaid Maintenance Charges or other charges, fines, or assessments authorized hereunder without foreclosing or waiving the lien securing the same.

It is the intent of the provisions of this Section 6.03 to comply with the provisions of Title 5, Chapter 51 of the Texas Property Code relating to judicial or nonjudicial foreclosure and, in the event of the amendment of Title 5, Chapter 51 of the Texas Property Code hereafter, the Board of Directors of the Association, acting without the joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Real Property Records of Dallas County, Texas, amend the provisions hereof so as to comply with said amendments to Title 5, Chapter 51 of the Texas Property Code.

Section 6.04 Notice of Lien. In addition to the right of the Association to enforce the Maintenance Charge or other charge, fine or assessment levied hereunder, the Association may file a claim or lien against the Tract of the delinquent Owner by recording a notice ("Notice of Lien") setting forth:

- a. The amount of the claim of delinquency,
- b. The interest accrued thereon,
- c. The costs of collection thereof,
- d. The legal description and street address of the Tract against which the lien is claimed, and
- e. The name of the Owner thereof.

Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the preparation and recordation of such release of lien instrument. Notwithstanding the foregoing, neither the Developer nor the Association shall be permitted to file a lien on any Tract owned by the Veterans Land Board following foreclosure and assumption of ownership of the Tract by the Veterans Land Board.

Section 6.05 Liens Subordinate to Mortgages. The lien described in this Article VI shall be deemed subordinate to a first (1st) lien or other liens of any bank, insurance company, savings and loan Association, university, pension and profit sharing trusts or plans, or any other third (3rd)-party lender, including Developer, which may have heretofore lent or may hereafter lend money in good faith for the purchase or improvement of any Tract, and any renewal, extension, rearrangement or refinancing thereof. The sale or transfer of any Tract shall not affect the lien or relieve such Tract from the lien for any subsequent Maintenance Charge or other charge, fine, or assessment; however, the sale or transfer of any Tract pursuant to foreclosure of the first mortgage shall extinguish the lien as to any installments of such Maintenance Charge or other charge, fine, or assessment due prior to such sale or transfer. A mortgagee or other purchaser of a Tract who obtains title pursuant to foreclosure of the mortgage shall not be personally liable for Maintenance Charges or other charges, fines or assessments on such Tract due prior to such acquisition of title. Such unpaid Maintenance Charges or other charges, fines, or assessments

shall be deemed to be common expenses of the Association collectible from Owners of all real property in Lake Ridge at Joe Pool Lake which is subject to assessment by the Association, including such acquirer, its successors and assigns. Any other sale or transfer of a Tract shall not affect the Association's lien for Maintenance Charges or other charges, fines or assessments. The Association shall make a good faith effort to give each such mortgagee sixty (60) days' advance written notice of the Association's proposed foreclosure of the lien described in Section 6.01 hereof, which notice shall be sent to such mortgagee by prepaid United States registered or certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Charges or other charges, fines or assessments upon which the proposed action is based; provided, however, that the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article VI.

Section 6.06 Purpose of the Maintenance Charge. The Maintenance Charge levied by the Developer or the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the Owners of Lake Ridge at Joe Pool Lake and other portions of the Annexable Area which hereafter may become subject to the jurisdiction of the Association. In particular, the Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described in Article X, including the maintenance of any Common Area, any Drainage Easements and the establishment and maintenance of a reserve fund for maintenance of any Common Area. The Maintenance Fund may be expended by the Developer or, after the Association Control Transfer Date, by the Association, for any purposes which, in the judgment of the party making such expenditures, will tend to maintain the property values in Lake Ridge at Joe Pool Lake, including, but not limited to, the providing of funds for the actual cost of all taxes, insurance, repairs, energy charges, and replacement and maintenance of the Common Area as may from time to time be authorized. Except for the Developer's or the Association's use of the Maintenance Fund to perform its duties described in this Declaration and in the By-laws, the use of the Maintenance Fund for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Developer or Association as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

Section 6.07 Exempt Property. The following property subject to this Declaration shall be exempt from the Maintenance Charge and all other charges and assessments created herein:

- a. All properties dedicated to and accepted by a local public authority;
- b. The Common Area maintained by the Association or any subassociation;
- c. All properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas; however, no land or improvements devoted to dwelling use shall be exempt from said Maintenance Charge; and
- d. Any property owned by the Veterans Land Board of the State of Texas.

Section 6.08 Handling of Maintenance Charges. The collection and management of the Maintenance Charge or other charge, fine or assessment levied by the Association hereunder, shall be performed by the Developer until the Association Control Transfer Date. Upon such conveyance, Developer shall deliver to the Association all funds of the Association in the possession of Developer, together with all books and records of receipts and disbursements of the Association. The Developer and, upon transfer, the Association, shall maintain separate special accounts for these funds, and Owners shall be provided, at least annually, information on the Maintenance Fund.

ARTICLE VII THE SUBASSOCIATION

Section 7.01 Membership. Every record Owner of a Tract which is subject to the SubAssociation Maintenance Charge (or could be subject to the SubAssociation Maintenance Charge following the withdrawal of an exemption therefrom) and other assessments provided herein, including contract sellers, shall be a "Member" of the SubAssociation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. Owners shall have one membership for each Tract owned by such Member. Memberships shall be appurtenant to and may not be separated from the ownership of the Tracts. Regardless of the number of persons who may own a Tract (such as husband and wife, or joint tenants, etc.), there shall be but one membership for each Tract, and all persons owning a portion of a single Tract or a Composite Building Site shall share the privileges of such membership, subject to the reasonable regulations of the SubAssociation Board of Directors and the restrictions on voting set forth in the By-laws of the SubAssociation. Additionally, the Directors of the SubAssociation must be Members of the SubAssociation (as more particularly described in the SubAssociation's By-laws). Ownership of the Tracts shall be the sole qualification for membership. The voting rights of the Members are set forth in



the By-laws of the SubAssociation. Notwithstanding the foregoing, this Declaration shall not be construed as to assess the Veterans Land Board or the State of Texas. Any assessments are the personal obligation of the Veteran purchaser, his successors, heirs and assigns. Any lien imposed by the restrictive covenants does not affect the Veterans Land Board's interest in the property. The membership rights of any Owner which is not a natural person may be exercised by any officer, director, member, manager, partner or trustee of such Owner, or by any individual designated from time to time by the Owner in a written instrument delivered to the secretary of the SubAssociation.

Section 7.02 Nonprofit Corporation. The SubAssociation has been organized and is governed by its Articles of Incorporation and By-laws; and all duties, obligations, benefits, liens and rights hereunder in favor of the SubAssociation shall vest in said corporation. The SubAssociation may not be dissolved without the written consent of the City of Cedar Hill, Texas.

Section 7.03 By-laws. The SubAssociation has adopted or may adopt whatever By-laws it may choose to govern the organization or operation of the Subdivision and the use and enjoyment of the Tracts and Common Areas in the Subdivision, provided that the same are not in conflict with the terms and provisions hereof or of the By-laws of the Association.

Section 7.04 Owner's Right of Enjoyment. Every Owner of a Tract shall have a beneficial interest of use and enjoyment in and to the Common Area and Limited Common Area within the Subdivision, and such right shall be appurtenant to and shall pass with the title to every Tract, subject to the following provisions:

- a. The right of the SubAssociation, with respect to the Limited Common Area within the Subdivision, to limit the number of guests of Owners;
- b. The right of the SubAssociation to charge reasonable admission and other fees for the use of any facility situated upon the Limited Common Area within the Subdivision;
- c. The right of the SubAssociation, in accordance with its Articles and By-laws (and until the SubAssociation Control Transfer Date, subject to the prior written approval of the Developer), to (i) borrow money for the purpose of improving and maintaining the Limited Common Areas and facilities within the Subdivision (including borrowing from the Developer or any entity affiliated with the Developer) and (ii) mortgage said property; however, the rights of such mortgagee of said property shall be subordinate to the rights of the Owners hereunder;
- d. The right of the SubAssociation to suspend the voting rights in the SubAssociation of any Member of the SubAssociation, and the rights of any Member and Related Users to use any recreational facilities within the Limited Common Area in the Subdivision during any period in which the SubAssociation Maintenance Charge or any assessment against such Member's Tract remains unpaid;
- e. The right of the SubAssociation to suspend any Member's voting rights and the rights of any Member and Related Users to use any recreational facilities within the Limited Common Area in the Subdivision, after notice and hearing by the Board of Directors of the SubAssociation, for the infraction or violation by such Member or Related Users of this Declaration or the SubAssociation Rules and Regulations, as hereinafter defined, which suspension shall continue for the duration of such infraction or violation, plus a period not to exceed sixty (60) days following the cessation or curing of such infraction or violation.

ARTICLE VIII SUBASSOCIATION MAINTENANCE FUND

Section 8.01 SubAssociation Maintenance Fund Obligation. Beginning with the first conveyance of a Tract to an Owner other than Developer, each Owner of such Tract, by acceptance of a deed or other conveyance of such Tract, whether or not it shall be expressed therein, is deemed to covenant and agree to pay to the SubAssociation an annual maintenance charge (the "SubAssociation Maintenance Charge") and any other assessments or charges levied by the SubAssociation pursuant to the terms of this Declaration. The SubAssociation Maintenance Charge and any other assessments, fines or charges hereby levied, together with such interest thereon and costs of collection thereof, including any reasonable attorneys' fees as allowed by the Act as hereinafter provided, shall be a charge on the Tracts and shall be a personal obligation of the Owner of the Tract and a continuing lien upon the property against which each such SubAssociation Maintenance Charge, other charges or fines and assessments are made.

Section 8.02 Basis of the SubAssociation Maintenance Charge.

- a. The SubAssociation Maintenance Charge referred to shall be used to create a fund to be known as the "SubAssociation Maintenance Fund," which shall be used as herein provided; and each such



SubAssociation Maintenance Charge (except as otherwise hereinafter provided) shall be paid by the Owner of each Tract to the SubAssociation. The SubAssociation Maintenance Charge for the year of purchase shall be prorated at closing and then shall be paid monthly, in advance, on or before the first (1st) day of each month. In the event an Owner obtains consent from the SACC for a Composite Building Site pursuant to Section 3.02 hereof, such Composite Building Site shall, for this purpose, be considered one Tract beginning upon the completion of the improvements thereon.

b. Any SubAssociation Maintenance Charge not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law. The SubAssociation may bring an action at law against the Owner personally obligated to pay the same, or foreclose the hereinafter-described lien against the Owner's Tract. No Owner may waive or otherwise escape liability for the SubAssociation Maintenance Charge by nonuse of any Limited Common Area or recreational facilities available for use by Owners of the Subdivision or by the abandonment of his Tract.

c. The exact amount of the SubAssociation Maintenance Charge applicable to each Tract will be determined by the Developer. All other matters relating to the SubAssociation Maintenance Charge and the collection, expenditures and administration of the SubAssociation Maintenance Fund shall be determined by the Developer until the SubAssociation Control Transfer Date, and thereafter by the Board of Directors of the SubAssociation, subject to contrary provisions hereof, if any.

d. The SubAssociation, from and after the SubAssociation Control Transfer Date, shall have the further right at any time, with a majority vote of all SubAssociation members, to adjust or alter the SubAssociation Maintenance Charge from year to year as it deems proper to meet the reasonable operational expenses and reserve requirements of the SubAssociation in order for the SubAssociation to carry out its duties hereunder.

Section 3.03 Creation of Lien and Personal Obligation. In order to secure the payment of the SubAssociation Maintenance Charge, and other charges, fines and assessments hereby levied, each Owner of a Tract, by such party's acceptance of a deed thereto, hereby grants to the SubAssociation a contractual lien on such Tract which may be foreclosed by nonjudicial foreclosure in like manner as a mortgage on real estate pursuant to the provisions of Title 5, Chapter 51 of the Texas Property Code (and any successor statute); and each such Owner hereby expressly grants the SubAssociation a power of sale in connection therewith. Notwithstanding anything to the contrary contained herein, and as set forth in the Act, neither the Developer nor the SubAssociation shall be permitted to bring an action for foreclosure under this Section solely for fines assessed by the SubAssociation or for attorneys' fees incurred by the SubAssociation solely associated with fines assessed by the SubAssociation.

In any foreclosure action brought under the power-of-sale provisions, the SubAssociation shall be deemed to be the holder and owner of the obligation secured by this Declaration. The registered agent of the SubAssociation shall be the trustee for all purposes of the foreclosure proceeding, and the SubAssociation shall have the power to appoint a substitute trustee if for any reason the SubAssociation desires to replace the trustee, and the substitute trustee shall succeed to all rights, powers and duties thereof. The SubAssociation shall request of the trustee to sell the Tract subject to the lien at public auction for cash, after having first given such notice and advertising the time and place of such sale in such manner as may then be provided by law for mortgages, and upon such sale and upon compliance with the law then relating to foreclosure proceedings under power of sale, to convey the Tract to the purchaser in as full and ample manner as authorized by Title 5, Chapter 51 of the Texas Property Code. The trustee shall be authorized to retain an attorney to represent such trustee in such proceedings. After the trustee retains its commission, the proceeds of the sale, together with any additional attorneys' fees incurred by the trustee, shall be applied to the costs of the sale, including but not limited to costs of collection, taxes, assessments, costs of recording, service fees, and incidental expenditures, the amount any debt secured by the Tract, and any advancements made by the SubAssociation in the protection of the security. Following any such foreclosure, each occupant of any such Tract foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder.

The SubAssociation may bid for the Tract at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Tract. While a Tract is owned by the SubAssociation following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no SubAssociation Maintenance Charge or other charge, fine, or assessment shall be levied on it; and (c) each other Tract shall be charged, in addition to its usual SubAssociation Maintenance Charge, its pro rata share of the SubAssociation Maintenance Charge that would have been charged such Tract had it not been acquired by the SubAssociation.

In the event of an Owner's nonpayment of any SubAssociation Maintenance Charge or other charge, fine or assessment levied hereunder, the SubAssociation may, in addition to foreclosing the lien

hereby retained, and exercising the remedies provided herein, upon ten (10) days prior written notice thereof to such nonpaying Owner, exercise all other rights and remedies available at law or in equity.

The SubAssociation may sue for unpaid SubAssociation Maintenance Charges or other charges, fines, or assessments authorized hereunder without foreclosing or waiving the lien securing the same.

It is the intent of the provisions of this Section 8.03 to comply with the provisions of Title 5, Chapter 51 of the Texas Property Code relating to judicial or nonjudicial foreclosure and, in the event of the amendment of Title 5, Chapter 51 of the Texas Property Code hereafter, the Board of Directors of the SubAssociation, acting without joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Real Property Records of Dallas County, Texas, amend the provisions hereof so as to comply with said amendments to Title 5, Chapter 51 of the Texas Property Code.

Section 8.04 Notice of Lien. In addition to the right of the SubAssociation to enforce the SubAssociation Maintenance Charge or other charge, fine or assessment levied hereunder, the SubAssociation may file a claim or lien against the Tract of the delinquent Owner by recording a notice ("Notice of Lien") setting forth:

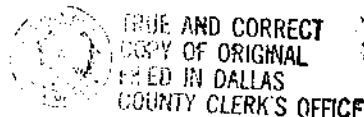
- a. The amount of the claim of delinquency
- b. The interest accrued thereon,
- c. The costs of collection thereof,
- d. The legal description and street address of the Tract against which the lien is claimed, and
- e. The name of the Owner thereof.

Such Notice of Lien shall be signed and acknowledged by an officer of the SubAssociation or other duly authorized agent of the SubAssociation. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the SubAssociation shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the SubAssociation's Board of Directors to cover the preparation and recordation of such release of lien instrument. Notwithstanding the foregoing, neither the Developer nor the SubAssociation shall be permitted to file a lien on any Tract owned by the Veterans Land Board following foreclosure and assumption of ownership of the Tract by the Veterans Land Board.

Section 8.05 Liens Subordinate to Mortgages. The lien described in this Article VIII shall be deemed subordinate to a first (1st) lien or other liens of any bank, insurance company, savings and loan association, university, pension and profit sharing trusts or plans, or any other third (3rd)-party lender, including Developer, which may have heretofore lent or may hereafter lend money in good faith for the purchase or improvement of any Tract, and any renewal, extension, rearrangement or refinancing thereof. The sale or transfer of any Tract shall not affect the lien or relieve such Tract from the lien for any subsequent SubAssociation Maintenance Charge or other charge, fine, or assessment; however, the sale or transfer of any Tract pursuant to foreclosure of the first mortgage shall extinguish the lien as to any installments of such SubAssociation Maintenance Charge or other charge, fine, or assessment due prior to such sale or transfer. A mortgagee or other purchaser of a Tract who obtains title pursuant to foreclosure of the mortgage shall not be personally liable for SubAssociation Maintenance Charges or other charges, fines or assessments on such Tract due prior to such acquisition of title. Such unpaid SubAssociation Maintenance Charges or other charges, fines, or assessments shall be deemed to be common expenses of the SubAssociation collectible from Owners of all Tracts subject to assessment under Article VIII, including such acquirer, its successors and assigns.

Any other sale or transfer of a Tract shall not affect the SubAssociation's lien for SubAssociation Maintenance Charges or other charges, fines or assessments. The SubAssociation shall make a good faith effort to give each such mortgagee sixty (60) days advance written notice of the SubAssociation's proposed foreclosure of the lien described in Section 8.01 hereof, which notice shall be sent to such mortgagee by prepaid United States registered or certified mail, return receipt requested, and shall contain a statement of delinquent SubAssociation Maintenance Charges or other charges, fines or assessments upon which the proposed action is based; provided, however, that the SubAssociation's failure to give such notice shall not impair or invalidate any foreclosure conducted by the SubAssociation pursuant to the provisions of this Article VIII.

Section 8.06 Purpose of the SubAssociation Maintenance Charge.



a. The SubAssociation Maintenance Charge levied by the Developer or the SubAssociation shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the Owners of the Subdivision and other portions of the Annexable Area which hereafter may become subject to the jurisdiction of the SubAssociation. In particular, the SubAssociation Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the SubAssociation's duties described in Article X, including the maintenance of any Limited Common Area, any Drainage Easements and the establishment and maintenance of a reserve fund for maintenance of any Limited Common Area. The Private Streets and drainage appurtenances within the Subdivision shall be maintained by the SubAssociation with the SubAssociation Maintenance Fund. The SubAssociation Maintenance Fund may be expended by the Developer or, following the SubAssociation Control Transfer Date, by the SubAssociation, for any purposes which, in the judgment of the party making such expenditure, will tend to maintain the property values in the Subdivision, including, but not limited to, the providing of funds for the actual cost of all taxes, insurance, repairs, energy charges, and replacement and maintenance of the Limited Common Area as may from time to time be authorized. Except for the Developer's or the SubAssociation's use of the SubAssociation Maintenance Charge to perform its duties described in this Declaration and in the By-laws, the use of the SubAssociation Maintenance Charge for any of these purposes is permissive and not mandatory. It is understood that the judgment of Developer or the SubAssociation as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

b. The SubAssociation Maintenance Charge shall also be used for the maintenance of all unfenced lawn areas. The SubAssociation's maintenance activities may extend to all landscaped areas within the Subdivision, whether Limited Common Area or privately owned. The SubAssociation shall have the right but not the obligation to enter into and maintain any privately owned landscaped area, whether or not it is fenced, if the homeowner fails to properly maintain that area in conformance with SubAssociation guidelines.

Section 8.07 Exempt Property. The following property subject to this Declaration shall be exempt from the SubAssociation Maintenance Charge and all other charges and assessments created herein:

- a. All properties dedicated to and accepted by a local public authority;
- b. The Common Area maintained by the Association or Limited Common Area maintained by the SubAssociation;
- c. All properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas; however, no land or improvements devoted to dwelling use shall be exempt from the SubAssociation Maintenance Charge; and
- d. Any property owned by the Veterans Land Board of the State of Texas.

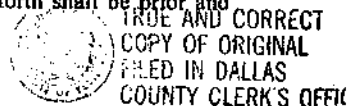
Section 8.08 Handling of SubAssociation Maintenance Charges. The collection and management of the SubAssociation Maintenance Charge or other charge, fine or assessment levied by the SubAssociation hereunder, shall be performed by Developer until the SubAssociation Control Transfer Date. Upon such conveyance, Developer shall deliver to the SubAssociation all funds of the SubAssociation in the possession of Developer, together with all books and records of receipt and disbursements of the SubAssociation. Developer and, upon transfer, the SubAssociation, shall maintain separate special accounts for these funds, and Owners shall be provided, at least annually, information on the SubAssociation Maintenance Fund.

ARTICLE IX DEVELOPER'S RIGHTS AND RESERVATIONS

Section 9.01 Period of Developer's Rights and Reservations. Developer shall have, retain and reserve the rights as set forth in this Article IX with respect to the Association, the SubAssociation and the Common Area and Limited Common Area. The reservation of these rights shall extend from the date hereof until the earlier of:

- a. The Association Control Transfer Date; or
- b. Developer's written notice to the Association or the SubAssociation of Developer's termination of the rights described in Article IX hereof.

The rights and reservations hereinafter set forth shall be deemed excepted and reserved in each conveyance of a Tract by Developer to an Owner, whether or not specifically stated therein, and in each deed or other instrument by which any property within the Common Area or Limited Common Area is conveyed by Developer. The rights, reservations and easements hereafter set forth shall be prior and



superior to any other provisions of this Declaration and may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration. Developer's consent to any one such amendment shall not be construed as a consent to any other or subsequent amendment.

Section 9.02 Right to Construct Additional Improvements in Common Area and Limited Common Area. Developer shall have and hereby reserves the right (without the consent of any other Owner), but shall not be obligated, to construct additional improvements within the Common Area or Limited Common Area at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association or the SubAssociation and Owners, so long as such construction does not directly result in the increase of such Maintenance Charge or SubAssociation Maintenance Charge. Developer shall, on or before the Association Control Transfer Date, convey or transfer such improvements to the Association or the SubAssociation, and such grantee or transferee shall be obligated to accept title to, care for and maintain the same as elsewhere provided in this Declaration.

Section 9.03 Developer's Rights to Use Common Areas and Limited Common Areas in Promotion and Marketing of the Property. Developer shall have and hereby reserves the right to reasonable use of the Common Area and/or Limited Common Area and of services offered by the Association or SubAssociation in connection with the promotion and marketing of land within the boundaries of Lake Ridge at Joe Pool Lake, including, but not limited to the Subdivision. Without limiting the generality of the foregoing, Developer may erect and maintain on any part of the Common Area or Limited Common Area such signs, temporary buildings and other structures as Developer may reasonably deem necessary or proper in connection with the promotion, development and marketing of land within Lake Ridge at Joe Pool Lake; may use vehicles and equipment within the Common Area or Limited Common Area for promotional purposes; and may permit prospective purchasers of property within the boundaries of Lake Ridge at Joe Pool Lake, who are not Owners or Members of the SubAssociation, to use the Common Area or Limited Common Area at reasonable times and in reasonable numbers; and may refer to the services offered by the Association or SubAssociation in connection with the development, promotion and marketing of property.

Section 9.04 Developer's Rights to Grant and Create Easements. Developer shall have and hereby reserves the right, without the consent of any other Owner or the Association or SubAssociation, to grant or create temporary or permanent easements for access, utilities, pipelines, cable television systems, communication and security systems, drainage, water and other purposes incidental to development, sale, operation and maintenance of Lake Ridge at Joe Pool Lake, located in, on, under, over and across:

- a. The Tracts or other property owned by Developer,
- b. The Common Area and Limited Common Area, and
- c. Existing utility easements.

Developer also reserves the right, without the consent of any other Owner or the Association or SubAssociation, to grant or create temporary or permanent easements for access over and across the streets and roads within Lake Ridge at Joe Pool Lake.

Section 9.05 Developer's Rights to Convey Additional Common Area and Limited Common Area to the Association or SubAssociation. Developer shall have and hereby reserves the right, but shall not be obligated to, convey additional real property and improvements thereon, if any, to the Association or SubAssociation as Common Area or Limited Common Area at any time and from time to time in accordance with this Declaration, without the consent of any other Owner or the Association or the SubAssociation.

Section 9.06 Annexation of Annexable Area. Additional residential property and common areas outside of Lake Ridge at Joe Pool Lake or the Subdivision including, without limitation, the Annexable Area, may, at any time and from time to time, be annexed by the Developer into the real property which becomes subject to the jurisdiction and benefit of the Association and/or SubAssociation, without the consent of the Owners or any other party; provided, however, such additional residential property may be made subject to the jurisdiction of the Association and/or SubAssociation, shall be entitled to the use and benefit of all Common Area that is or may become subject to the jurisdiction of the Association and/or SubAssociation, provided that such annexed property is impressed with and subject to at least the Maintenance Charge and, if applicable, the SubAssociation Maintenance Charge.

**ARTICLE X
DUTIES AND POWERS OF THE PROPERTY OWNERS ASSOCIATION
AND SUBASSOCIATION**

Section 10.01 General Duties and Powers of the Association and SubAssociation. The Association and SubAssociation have been formed to further the common interests of their respective Members. The Association and SubAssociation, acting through their respective Boards of Directors or through persons to whom the Boards of Directors have delegated such powers (subject to the provisions of the By-laws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interests of their respective Members, to maintain, improve and enhance the Common Area and Limited Common Area and to improve and enhance the attractiveness, desirability and safety of Lake Ridge at Joe Pool Lake and the Subdivision. Specifically, the SubAssociation shall maintain the Limited Common Area in the Subdivision and any appurtenances thereto, as well as any Private Streets in the Subdivision. The Association shall maintain the Common Area in Lake Ridge at Joe Pool Lake which is not under the jurisdiction of a subassociation. The Association and SubAssociation shall have the authority to act as the agent to enter into any and all contracts on behalf of their respective Members in order to carry out the respective duties, powers and obligations of the Association and SubAssociation as set forth in this Declaration. The obligation to maintain Private Streets and levy assessments may not be amended without the written consent of the City of Cedar Hill, Texas.

Section 10.02 Duty to Accept the Property and Facilities Transferred by Developer. The Association and/or SubAssociation shall accept title to any property, including any improvements thereon and personal property transferred to the Association and/or SubAssociation by Developer, and any equipment related thereto, together with the responsibility to perform any and all administrative functions and recreational functions associated therewith (collectively herein referred to as "Functions"), provided that such property and Functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association and/or SubAssociation by Developer may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association and/or SubAssociation by Developer shall, except to the extent otherwise specifically approved by resolution of the Board of Directors of the association receiving such conveyance, be transferred to the Association and/or SubAssociation free and clear of all liens and mortgages (other than the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, the terms of any declaration of covenants, conditions and restrictions annexing such property to the Common Area or Limited Common Area, and all easements, covenants, conditions, restrictions and equitable servitudes or other encumbrances which do not materially affect the Owners authorized to use such property. Except as otherwise specifically approved by resolution of the Board of Directors of the association receiving such conveyance, no property or interest in property transferred to the Association and/or the SubAssociation by the Developer shall impose upon the Association or SubAssociation any obligation to make monetary payments to Developer or any affiliate of Developer including, but not limited to, any purchase price, rent, charge or fee. The property or interest in property transferred to the Association or SubAssociation by Developer shall not impose any unreasonable or special burdens of ownership of property, including the management, maintenance, replacement and operation thereof.

Section 10.03 Duty to Manage and Care for the Common Area and Limited Common Area. The Association and/or SubAssociation shall manage, operate, care for, maintain and repair the Common Area and Limited Common Area and keep the same in a safe, attractive and desirable condition for the use and enjoyment of their respective Members, in accordance with the allocation of maintenance responsibilities between them set forth in Section 10.01. The duty to operate, manage and maintain the Common Area and Limited Common Area shall include but not be limited to the following: establishment, operation and maintenance of a security system, if any, for Lake Ridge at Joe Pool Lake and/or the Subdivision; management, maintenance, repair and upkeep of the entrances to Lake Ridge at Joe Pool Lake and the Subdivision and the remainder of the Common Area and Limited Common Area.

Section 10.04 Other Insurance Bonds. The Association and SubAssociation shall obtain such insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association or SubAssociation shall deem necessary or desirable.

Section 10.05 Duty to Prepare Budgets. The Association and SubAssociation shall prepare budgets for their operations, which budgets shall include a reserve fund for the maintenance of all Common Areas and Limited Common Areas under their respective jurisdictions.

Section 10.06 Duty to Levy and Collect the Maintenance Charge. The Association and SubAssociation shall levy, collect and enforce the Maintenance Charge, SubAssociation Maintenance Charge and other charges, fines and assessments as elsewhere provided in this Declaration.



Section 10.07 Duty to Provide Annual Review. The Association and SubAssociation shall provide for an annual unaudited independent review of their respective accounts and shall make copies of any such review available to any of its Members who request a copy of the same, upon payment by such Member of the reasonable cost of copying the same.

Section 10.08 Duties with Respect to Architectural Approvals. The SubAssociation shall perform functions to assist the SACC as provided in Article IV of this Declaration.

Section 10.09 Power to Acquire Property and Construct Improvements. The Association and SubAssociation may each acquire property or interests in property (including leases) for the common benefit of their respective Members, including improvements and personal property. The Association and SubAssociation may each construct improvements on any Common Area or Limited Common Area for which they have the maintenance responsibility and may demolish existing improvements on such Common Area or Limited Common Area.

Section 10.10 Power to Adopt Rules and Regulations. The Association and SubAssociation may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, their respective operations, the use and enjoyment of any Common Area or Limited Common Area for which they have the maintenance responsibility, and the use of any other property, facilities or improvements they respectively own or operate.

Section 10.11 Power to Enforce the Declaration and Rules and Regulations. (a) The SubAssociation, (b) Developer, until the Association Control Transfer Date, and thereafter the Association, and (c), with respect only to the remedies described in (ii) or (iii) below, any Owner of a Tract shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as is necessary or desirable to cause compliance therewith by each Member and each Related User. Without limiting the generality of the foregoing, the SubAssociation, the Developer and/or the Association shall have the power to enforce the provisions of this Declaration and of the Rules and Regulations of the Association or the SubAssociation by any one or more of the following means: (i) by entry upon any property within the Subdivision after notice and hearing (unless a bona fide emergency exists, in which event this right of entry may be exercised without notice (written or oral) to the Owner), in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use or enjoyment of the improvements situated thereon by the Owner or any other person), without liability by Developer, the SubAssociation or the Association to the Owner thereof, for the purpose of enforcement of this Declaration or the Rules and Regulations of the Association or the SubAssociation; (ii) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations of the Association or the SubAssociation; (iii) by exclusion, after notice and hearing, of any Member or Related User from use of any recreational facilities within the Common Area or Limited Common Area during and for up to sixty (60) days following any breach of this Declaration or such Rules and Regulations by such Member or any Related User, unless the breach is a continuing breach, in which case exclusion may continue for so long as such breach continues; (iv) by suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Related User of a provision of this Declaration or such Rules and Regulations, unless the breach is a continuing breach, in which case such suspension shall continue for so long as such breach continues; (v) by levying and collecting, after notice and hearing, a fine or assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or a Related User, which assessment shall include such sums as necessary to provide reimbursement for all the costs incurred by Developer, the SubAssociation or the Association in connection with such breach; (vi) by levying and collecting, after notice and hearing, reasonable and uniformly applied fines and penalties, established in advance in the applicable Rules and Regulations of the Association or the SubAssociation, from any Member or Related User for breach of this Declaration or such Rules and Regulations by such Member or a Related User; and (vii) by taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Member, plus attorneys' fees, as allowed by the Act, incurred by Developer, the SubAssociation or the Association with respect to exercising such remedy.

Before the Board of Directors of the Association or SubAssociation may invoke against any Owner the remedies provided above, it shall give notice of such alleged violation to the Owner by registered mail and shall afford the Owner a hearing using the procedures set forth in the applicable By-laws. If, after the hearing, a violation is found to exist, the right of such Board of Directors to proceed with the listed remedies shall become absolute. Each day a violation continues shall be deemed a separate violation. Failure of the Association, the SubAssociation, Developer, or any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon a subsequent breach or default.



Notwithstanding the foregoing, the Association shall have no authority to enforce any provision contained in Articles III or IV of this Declaration.

Section 10.12 Power to Grant Easements. In addition to any blanket easements described in this Declaration, the Association and SubAssociation shall have the power to grant access, utility, drainage, water facility and other such easements in, on, over or under the Common Area and Limited Common Area, respectively.

ARTICLE XI GENERAL PROVISIONS

Section 11.01 Term. The provisions hereof shall run with all property in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by Owners (including Developer) who are entitled to cast not less than two-thirds (2/3rds) of the votes of all the Owners of Tracts has been recorded agreeing to amend or change, in whole or in part, this Declaration.

Section 11.02 Amendments.

a. Articles I, II, V, VI, VII, VIII, IX and X of this Declaration may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of Members of the Association (including Developer) entitled to cast not less than two-thirds (2/3rds) of the votes of all of the Members of the Association, but Article IX may not be amended without the written consent of the Developer. If the Declaration is amended by a written instrument signed by those Members of the Association entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Members of the Association, such amendment must be approved by said Members within three hundred sixty-five (365) days of the date the first (1st) Member executes such amendment. The date a Member's signature is acknowledged shall constitute prima facie evidence of the date of execution of said amendment by such Member. Each Tract shall be entitled to one (1) vote, and therefore, if any Member is the Owner of two (2) or more Tracts, he shall be entitled to the same number of votes as the number of Tracts he owns. Those Members in the Association (including Developer) entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Members of the Association may also vote to amend Articles I, II, V, VI, VII, VIII, IX or X of this Declaration, in person, or by proxy, at a meeting of the Members (including Developer) duly called for such purpose, written notice of which shall be given to all Members in the Association in accordance with the By-laws of the Association and shall set forth the purpose of such meeting. Any such amendment shall become effective when an instrument is filed for record in the Real Property Records of Dallas County, Texas, accompanied by a certificate, signed by a majority of the Board of Directors of the Association, stating that the required number of Members in the Association (including Developer) executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination.

b. Articles III and IV of this Declaration may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of Owners of Tracts (including Developer) entitled to cast not less than two-thirds (2/3rds) of the votes of all of the Owners of Tracts. If the Declaration is amended by a written instrument signed by those Owners of Tracts entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Owners of Tracts, such amendment must be approved by said Owners within three hundred sixty-five (365) days of the date the first (1st) Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facie evidence of the date of execution of said amendment by such Owner. Those Owners of Tracts (including Developer) entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Members of the SubAssociation may also vote to amend Articles III or IV of this Declaration, in person, or by proxy, at a meeting of the Owners of Tracts (including Developer) duly called for such purpose, written notice of which shall be given to all Owners of Tracts in accordance with the By-laws of the SubAssociation and shall set forth the purpose of such meeting. Any such amendment shall become effective when an instrument is filed for record in the Real Property Records of Dallas County, Texas, accompanied by a certificate, signed by a majority of the Board of Directors of the SubAssociation, stating that the required number of Owners of Tracts (including Developer) executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the SubAssociation for a period of not less than three (3) years after the date of filing of the amendment or termination.

Section 11.03 Amendments by the Developer. Developer shall have and reserves the right at any time and from time to time prior to the Association Control Transfer Date, without the joinder or consent

of any Owner or other party, to unilaterally amend this Declaration by an instrument in writing duly signed, acknowledged, and filed for record, if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Tracts; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Tracts; (iv) to satisfy the requirements of any local, state or federal governmental agency; and (v) to correct any typographical or grammatical error, oversight, ambiguity or inconsistency appearing herein, provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration and shall not impair or adversely affect the vested property or other rights of any Owner or his mortgagee. Nevertheless, any such amendment shall not adversely affect the title to any Tract unless the Owner thereof shall consent in writing to such amendment. Additionally, Developer shall have and reserves the right at any time and from time to time prior to the Association Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of permitting the Owners to enjoy the benefits from technological advances, such as security, communications or energy-related devices or equipment which did not exist or were not in common use in residential subdivisions at the time this Declaration was adopted. Likewise, the Developer shall have and reserves the right at any time and from time to time prior to the Association Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of prohibiting the use of any device or apparatus developed and/or available for residential use following the date of this Declaration if the use of such device or apparatus will adversely affect the Association or SubAssociation or will adversely affect the property values within Lake Ridge at Joe Pool Lake or the Subdivision.

Section 11.04 Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partial unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

Section 11.05 Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

Section 11.06 Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the Developer, the Association and the SubAssociation, and their respective heirs, legal representatives, executors, administrators, successors and assigns.

Section 11.07 Effect of Violations on Mortgages. No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgagee under any such mortgage, the holder of any such lien or beneficiary of any such deed of trust; and any such mortgage, lien or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

Section 11.08 Terminology. All personal pronouns used in this Declaration and all exhibits attached hereto, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa. Title of Articles and Sections are for convenience only and neither limit nor amplify the provisions of this Declaration itself. The terms "herein," "hereof" and similar terms, as used in this instrument, refer to the entire agreement and are not limited to referring only to the specific paragraph, section or article in which such terms appear. All references in this Declaration to Exhibits shall refer to the Exhibits attached hereto.

IN WITNESS WHEREOF, the undersigned Developer has hereunto set its hand on this 8th day of March, 2002.

BLUEGREEN SOUTHWEST ONE, L.P., formerly known as PROPERTIES OF THE SOUTHWEST. L.P.

By: BLUEGREEN SOUTHWEST LAND, INC.,
General Partner

By: Jesse Keasler
JESSE KEASLER, VICE PRESIDENT

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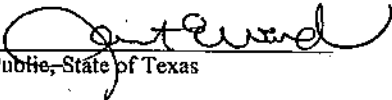


TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN DALLAS
COUNTY CLERK'S OFFICE

202047 00290

STATE OF TEXAS *
COUNTY OF DALLAS *

This instrument was acknowledged before me on the 8 day of March, 2002, by JESSE KEASLER, Vice President of BLUEGREEN SOUTHWEST ONE, L.P., formerly known as PROPERTIES OF THE SOUTHWEST, L.P., by BLUEGREEN SOUTHWEST LAND, INC., General Partner, a Delaware corporation, on behalf of said corporation and limited partnership.


Notary Public, State of Texas

