THIS INSTRUMENT AMENDS CERTAIN TERMS OF THE INSTRUMENT RECORDED AT VOLUME 5918, PAGE 03391 OF THE REAL PROPERTY RECORDS OF COLLIN COUNTY, TEXAS.

20050902947

ASSIGNMENT OF DECLARANT'S RIGHTS AND OBLIGATIONS UNDER FIRST AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR FRISCO SQUARE

This ASSIGNMENT OF DECLARANT'S RIGHTS AND OBLIGATIONS UNDER FIRST AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR FRISCO SQUARE (the "Assignment") is made and executed effective as of the 15 day of September, 2005, by FRISCO SQUARE LAND, LTD., a Texas limited partnership ("Declarant"). Capitalized terms used herein but not otherwise defined shall have the meanings assigned to them in the Declaration.

RECITALS:

A. On April 25, 2005, that certain First Amended Declaration of Covenants, Conditions and Restrictions for Frisco Square (the "Declaration"), was executed by Declarant, and subsequently filed of record in Volume 5918, Page 03391 of the Real Property Records of Collin County, Texas.

B. Section 15.1 of the Declaration provides that Declarant may assign any or all of its rights and obligations under the Governing Documents. Declarant desires to assign all of such rights and obligations as set forth herein.

AGREEMENTS:

NOW, THEREFORE, the Declaration is hereby assigned, amended and modified as follows:

1. Assignment. Declarant hereby assigns all of its rights and obligations effective 15 September 2005 under the Governing Documents to Quantum Custom Homes, Inc., a Texas corporation. Quantum Custom Homes, Inc, a Texas corporation shall not be responsible for any obligations prior to the above effective date, with the exception of active Frisco Square Home Owner's Association contracts and obligations as of the effective date. From and after the recordation of this Assignment, the term "Declarant," as used in the Governing Documents, shall refer solely to Quantum Custom Homes, Inc., a Texas corporation.

2. Ratification. Except as expressly modified by this Assignment, the terms and provisions of the Declaration are hereby ratified and shall remain unchanged and in full force and effect.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

EXECUTED to be effective as of the date first set forth hereinabove.

DECLARANT:

FRISCO SQUARE LAND, LTD.,
a Texas limited partnership

By: Fairways FS Land, LLC,
a Texas limited partnership,
its General Partner

By: _____
Cathy R. Sweeney, Manager

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 15TH day of SEPTEMBER, 2005, by Cathy R. Sweeney, Manager, of Fairways FS Land, a Texas limited partnership, its General Partner, of FRISCO SQUARE LAND, LTD., a Texas limited partnership, on behalf of said limited partnership.

[SEAL]

My Commission Expires:

CAROL S. MARTIN
Notary Public, State of Texas
My Commission Expires
October 03, 2007

_____
Notary Public, State of TEXAS

CAROL S. MARTIN
Printed/Typed Name of Notary

ACKNOWLEDGED AND ACCEPTED BY:

Quantum Custom Homes, Inc.
a Texas corporation

By: _____
Daniel St. Claire, President

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 6TH day of SEPT, 2005, by Daniel St. Claire, President of Quantum Custom Homes, Inc., a Texas corporation, on behalf of said corporation.

[SEAL] KEN GRIGG
Notary Public
State of Texas
My Comm. Exp. Feb. 11, 2007

_____
Notary Public, State of TEXAS

My Commission Expires:
2/11/07

KEN GRIGG
Printed/Typed Name of Notary

Return To
Daniel St. Claire
820 S. MacArthur Blvd
#105-231
Coppell, Tx 75019

4195855v.1 41357/6

06005 02950

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

(THE STATE OF TEXAS) (COUNTY OF COLLIN)
I hereby certify that this instrument was FILED in the File Number Sequence on the date and the time stamped hereon by me; and was duly RECORDED, in the Official Public Records of Real Property of Collin County, Texas.

SEP 19 2005

Brenda Taylor

COUNTY COURT OF COLLIN COUNTY, TEXAS

Filed for Record in:
Collin County, McKinney TX
Honorable Brenda Taylor
Collin County Clerk

On Sep 19 2005
At 1:56pm

Doc/Num : 2005- 0131828

Recording/Type:AS 20.00
Receipt #: 38009

WHEN RECORDED, RETURN TO:

Frisco Square, Ltd.
800 Parker Square, Suite 260
Flower Mound, Texas 75028
Attn: Cole McDowell

Filed for Record in:
Collin County, McKinney TX
The Honorable Brenda Taylor
Collin County Clerk

On Sep 13 2004
At 12:43pm

Doc/Num # 2004- 0135214

Recording/Type:AM 18.00
Receipt #: 36222

FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR FRISCO SQUARE

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR FRISCO SQUARE (this "Amendment") is made as of this 3rd day of September, 2004 by Frisco Square, Ltd., a Texas limited partnership ("Declarant").

WHEREAS, Declarant made the Declaration Of Covenants, Conditions, and Restrictions for Frisco Square dated as of February 1, 2002 and recorded in Volume 5103, Page 3862, Deed Records of Collin County, Texas (the "Declaration"). Capitalized terms used herein and not otherwise defined shall have the meaning assigned to those terms in the Declaration;

WHEREAS, Section 21.2 of the Declaration provides that Declarant may unilaterally amend the Declaration for any purpose during the Declarant Control Period;

WHEREAS, the Declarant Control Period has not expired as of the date hereof; and

WHEREAS, Declarant desires to amend the Declaration as provided in this Amendment.

NOW, THEREFORE, for and in consideration of the foregoing recitals, Declarant hereby amends the Declaration as follows:

1. Excluded Property. The definition of "Community" in the Declaration and the description of the real property set forth on Exhibit A to the Declaration are hereby amended to exclude only the following described property (the "Excluded Property"):

> All of Lots 1 though 6, Block E8 of FRISCO SQUARE PHASE 1, an addition to the City of Frisco, as recorded in Cabinet N, Page 637, Map Records, Collin County, Texas.

It is the intent of Declarant to exclude the Excluded Property from the property subject to the Declaration and from the property which may be annexed to the Declaration pursuant to Article 12 thereof.

2. Continued Effect. Except as amended by this Amendment, the terms and conditions of the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, Declarant has executed this Amendment as of the day and year first above written.

FRISCO SQUARE, LTD.,
a Texas limited partnership

BY: Five Star Development Co., Inc.,
a Texas corporation
its general partner

By: _____
Joseph C. McDowell, Jr., President

STATE OF TEXAS §
§
COUNTY OF Denton §

This instrument was acknowledged before me on the 10th day of September, 2004, by Joseph C. McDowell, Jr., President of Five Star Development Co., Inc., a Texas corporation, general partner of Frisco Square, Ltd., a Texas limited partnership, on behalf of such limited partnership.

_____

(SEAL) KIM HILL
Notary Public
STATE OF TEXAS
My Comm. Exp. 11/13/2004

Notary Public in and for the State of Texas

My Commission Expires:_____

2005- 0063817

5918 0339

FIRST AMENDED DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

FRISCO SQUARE

Riddle & Williams, P.C.
1050 Turtle Creek Centre
3811 Turtle Creek Boulevard
Dallas, Texas 75219

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FIRST AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR FRISCO SQUARE

STATE OF TEXAS §
§
COUNTY OF COLLIN §

KNOW ALL MEN BY THESE PRESENTS:

THIS FIRST AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR FRISCO SQUARE (this "Declaration") is made this ____ day of April, 2005, by **FRISCO SQUARE, LTD.**, a Texas limited partnership (the "Declarant").

WITNESSETH:

WHEREAS, Declarant recorded that certain Declaration of Covenants, Conditions and Restrictions for Frisco Square dated February 1, 2002, in Volume 05103, Page 3862 of the Real Property Records of Collin County, Texas (the "Original Declaration"); and

WHEREAS, Article XXI, Section 21.2(a) of the Original Declaration provides that the Declarant may unilaterally amend the Original Declaration for any purpose during the Declarant Control Period; and

WHEREAS, the Declarant desires to amend the original Declaration as hereinafter set forth.

NOW, THEREFORE, Declarant hereby declares that the Original Declaration is hereby amended and superceded by this Declaration and that from and after the recording of this Declaration in the Deed Records of Collin County, Texas, the real property described in Exhibit "A" to this Declaration, including the improvements constructed or to be constructed thereon, and any additional property subjected to this Declaration pursuant to Article II, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the following covenants, conditions, restrictions, easements, assessments and liens, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, such real property. This Declaration shall be binding on and shall inure to the benefit of all persons having any right, title or interest in all or any portion of such real property, their respective heirs, legal representatives, successors, successors-in-title and assigns.

ARTICLE I
DEFINITIONS

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

Section 1.1 "ACC" or "Committee" shall mean the committee established by this Declaration and selected by the Declarant or the Board to review plans and applications for the construction or modification of improvements within the Community (subject to the rights reserved to the Declarant in Section 15.2 hereof) and to administer and enforce the architectural controls described in Article VII hereof.

Section 1.2 "Area of Common Responsibility" shall mean and refer to the Common Areas, together with those areas, if any, which the Association has or assumes maintenance responsibility pursuant to the terms of this Declaration, or other applicable covenants, contracts, or agreements with the owner of the property. This may include agreements with the Commercial Association or other neighboring property owner's associations.

Section 1.3 "Articles of Incorporation" or "Articles" shall refer to the Articles of Incorporation of Frisco Square Homeowners Association, Inc., as filed with the Secretary of State of the State of Texas.

Section 1.4 "Annual Assessment" shall refer to assessments levied on all Units subject to assessment under Article VI to fund Common Expenses for the general benefit of all Units.

Section 1.5 "Assessment" shall refer to any amount of money which an Owner is obligated to pay the Association under this Declaration.

Section 1.6 "Association" shall mean and refer to Frisco Square Homeowners Association, Inc., a Texas non-profit corporation, its successors and assigns.

Section 1.7 "Board of Directors" or "Board" shall be the body responsible for administration of the Association, selected as provided in the Bylaws and generally serving the same role as the board of directors under Texas corporate law.

Section 1.8 "Builder" shall mean any Person which purchases one or more Units within the Community for the purpose of constructing Residences thereon for later sale to consumers, or who purchases land within the Community for further subdivision, development and/or resale in the ordinary course of such Person's business.

Section 1.9 "Bylaws" shall refer to the Bylaws of Frisco Square Homeowners Association, Inc. attached hereto as Exhibit "D" and incorporated by reference, as they may be amended from time to time.

Section 1.10 "Certificate of Occupancy" shall refer to a certificate or other similar document issued by the applicable governmental authority certifying or authorizing a Residence for occupancy.

Section 1.11 "Class 'A' Member(s)" shall be all Owners who are subject to membership in the Association except the Class "B" Member until such time as the Class "B" membership terminates and is converted to Class "A" membership at which time the Class "B" Member shall become a Class "A" Member for each Unit, if any, which it owns.

Section 1.12 "Class 'B' Member" shall be the Declarant until such time as the Class "B" membership terminates and is converted to Class "A" membership at which time the Declarant shall become a Class "A" Member for each Unit, if any, which it owns.

Section 1.13 "Commercial Association" shall mean and refer to Frisco Square Commercial Association, Inc., a to be formed Texas non-profit corporation, which will be created by the Declarant to serve as the mandatory membership owners association having jurisdiction over the commercial properties within the Frisco Square development.

Section 1.14 "Commercial Declaration" shall mean and refer to that Declaration of Covenants, Conditions and Restrictions for Frisco Square Commercial Properties which is to be filed in the Deed Records of Collin County, Texas, and will be applicable to the commercial properties within the Frisco Square development and will provide for the administration of such commercial properties and enforcement of the terms of such declaration by the Commercial Association.

Section 1.15 "Common Expenses" shall mean the actual and estimated expenses incurred, or anticipated being incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find to be necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include expenses incurred during the Declarant Control Period for initial development or other original construction costs unless approved by Members representing a majority of the total Class "A" votes of the Association. Payments due under leases of capital improvements such as street lights are not an initial development or original construction cost.

Section 1.16 "Common Areas" shall mean and refer to all real property (including the improvements thereto) and personal property, including easements, which the Association owns, leases or otherwise holds possessory or use rights in and for the common use and enjoyment of the Owners, including any landscaping, walkways, parking areas, and other structures on and improvements to such real property. To the extent not included above, Common Areas shall also include property dedicated to the Association either by separate instrument or as shown on any recorded plat or its equivalent of the Community or any portion thereof filed or approved by Declarant. Common Area includes the Limited Common Area, as defined below.

Section 1.17 "Community" shall mean and refer to the real property (including improvements) described in Exhibit "A" hereof, and additions thereto, as are subject to this Declaration or any Supplemental Declaration under the provisions of Article II.

Section 1.18 "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Community, or the minimum standards established pursuant to the Governing Documents, whichever is a higher standard. Such standard shall be established initially by the Declarant through the Design Guidelines, Rules and Regulations and Board resolutions and may include both objective and subjective elements. The Community-Wide Standard may evolve and change as development progresses and as the needs and desires within the Community change. Any determination or interpretation regarding the Community-Wide Standard, including, without limitation, whether the Community-Wide Standard has been met in a particular situation, shall be made by the Board.

The initial minimum standards shall be set forth in the Design Guidelines.

Section 1.19 "Condominium Association" shall mean a condominium association, if any, having concurrent jurisdiction (subject to this Declaration) with the Association over any portion of the Community which has been subjected to a condominium regime. Nothing in this Declaration shall require the creation of a condominium regime or a Condominium Association.

Section 1.20 "Condominium Representatives" shall refer to the board of directors of a Condominium Association who are responsible for casting all votes attributable to the Units subject to such association on all matters requiring a vote of the membership of the Association.

Section 1.21 "Declarant" shall mean and refer to Frisco Square, Ltd., a Texas limited partnership, or any successor or assign who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant.

Section 1.22 "Declarant Control Period" shall refer to the period of time during which the Declarant is entitled to appoint a majority of the members of the Board. The Declarant Control Period shall expire upon the first to occur of the following:

(a) when ninety percent (90%) of the total number of Units permitted by the Master Plan for the Community described on Exhibits "A" and "B" have Certificates of Occupancy issued thereon and have been conveyed to Class "A" Members other than Builders;

(b) December 31, 2016;

(c) when, in its discretion, the Declarant so determines.

Section 1.23 "Design Guidelines" shall mean and refer to the Community's architectural, design and construction guidelines and review procedures adopted pursuant to Article VII.

Section 1.24 "Frisco Square Town Center" shall mean that certain mixed-use master planned development located in Collin County, Texas, of which the Community is a component, and including the real property developed or to be developed as residential property, commercial property and/or mixed commercial-residential property, including the property subject to this Declaration and other real property included on the Frisco Square Master Plan prepared by David M. Schwarz/Architectural Services, Inc., and approved by the Municipality.

Section 1.25 "Governing Documents" shall refer to this Declaration, the Bylaws, the Articles of Incorporation, the Rules and Regulations, Board resolutions, the Ordinance, the Design Guidelines, or any other dedicatory instrument of the Association, as each may be supplemented and amended from time to time.

Section 1.26 "Limited Common Area" shall mean a portion of the Common Area primarily benefiting one or more, but less than all Units, as more particularly described in Article XII hereof.

Section 1.27 "Master Plan" shall refer to the master land use plan for the development of the Community prepared by David M. Schwarz/Architectural Services, Inc., and approved by the Municipality, as it may be amended from time to time, which includes the property described in Exhibit "A" and all or a portion of the property described in Exhibit "B". Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall exclusion of property described on Exhibit "B" from the Master Plan bar its later annexation, as provided in Article II.

Section 1.28 "Member" shall refer to a Person subject to membership in the Association.

Section 1.29 "Mortgage" shall mean a mortgage, a deed of trust, a deed to secure debt, a vendor's lien, or any other form of security instrument encumbering title to any Unit. A "Mortgagee is the beneficiary or holder of a Mortgage.

Section 1.30 "Municipality" shall mean and refer to the City of Frisco, Texas.

Section 1.31 "Owner" shall refer to one or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. The term "Owner" shall include the Declarant.

Section 1.32 "Person" shall mean a natural person, a corporation, a partnership, a trustee, a limited liability company or any other legal entity.

Section 1.33 "Plat" shall mean any subdivision plat for all or a portion of the Community recorded in the applicable deed records, which may be amended from time to time.

Section 1.34 "Residence" shall mean and refer to any building, or part thereof, and any appurtenant improvements, on a Unit which is intended for use and occupancy as a separate residence.

Section 1.35 "Resident" shall mean and refer to any Person who inhabits a Residence, either permanently or temporarily, and may include, without limitation, an Owner or a lessee and their respective families, guests, invitees, servants or employees.

Section 1.36 "Rules and Regulations" or "Rules" shall mean any written rules or regulations adopted, implemented or published by the Association or its Board of Directors at any time and from time to time, as may be amended from time to time. The initial Rules are attached to this Declaration as Exhibit "C".

Section 1.37 "Service Area" shall refer to a Unit or a group of Units designated as a separate Service Area under this Declaration. A Service Area may be comprised of Units of more than one housing type and may include Units that are not contiguous. The boundaries of Service Areas, as the term is used herein, may, but need not, be the same as the boundaries of Units designated on the Master Plan. Service Area boundaries may be established and modified as

provided in Section 3.4 of this Declaration.

Section 1.38 "Service Area Assessments" shall mean assessments levied by the Association against the Units in a particular Service Area or Service Areas to fund Service Area Expenses, as described in Section 6.4 hereof.

Section 1.39 "Service Area Expenses" shall mean and include the actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners of Units within a particular Service Area, as may be authorized by this Declaration or in the Supplemental Declaration(s) applicable to such Service Area. Service Area Expenses may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge. Service Area Expenses shall not include expenses incurred during the Class "B" Control Period for initial development or other original construction costs unless approved by Members representing a majority of the total Class "A" vote in the applicable Service Area.

Section 1.40 "Special Assessment" shall mean and refer to Assessments levied against Owners to cover unanticipated expenses or expenses in excess of those budgeted, as described in Section 6.5.

Section 1.41 "Specific Assessment" shall mean Assessments levied in accordance with Section 6.6.

Section 1.42 "Supplementary Declaration" shall mean an instrument recorded pursuant to Article II which subjects additional property to this Declaration, designates Service Areas and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein.

Section 1.43 "Townhome" or "Townhouse" shall mean a Residence located on a Unit which shares a common wall or walls, and/or roof and/or foundation with another residential structure, but excluding any Residence governed by a Condominium Association.

Section 1.44 "Unit" shall mean and refer to any portion of the Community, whether improved or unimproved, which may be independently owned and conveyed, and upon which a Residence is intended for development, use and occupancy. The term shall refer to the land, if any, which is part of the Unit, as well as any improvements, including any Residence thereon. The boundaries of each Unit shall be shown on a Plat; provided, in the case of a building containing multiple Residences for individual sale or ownership (e.g., attached condominium or townhouses), each Residence shall be a separate Unit.

A parcel shall be deemed to be a single Unit until such time as a Plat is recorded subdividing all or a portion thereof. Thereafter, the subdivided portion shall contain the number of Units shown on the Plat and the portion not subdivided shall continue to be treated as a single Unit.

ARTICLE II

ANNEXATION AND WITHDRAWAL OF PROPERTY

Section 2.1 Annexation by Declarant. The Declarant shall have the right, until all property described on Exhibit "B" attached hereto has been subjected to this Declaration or December 31, 2042, whichever is earlier, to subject to the provisions of this Declaration all or any portion of the property described in Exhibit "B". The Declarant may transfer or assign this right to any other Person who is the developer of at least a portion of the real property described in Exhibit "A" or Exhibit "B". Such transfer or assignment shall be memorialized in a written, recorded instrument executed by the Declarant.

Such annexation shall be effective upon the recording of a Supplemental Declaration annexing such property in the County Clerk Official Records of Collin County, Texas. Such Supplemental Declaration shall not require the consent of any other Person, but shall require the consent of the owner of such property, if other than Declarant.

Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "B" in any manner whatsoever.

Section 2.2 Annexation by Association. The Association may subject additional property to the provisions of this Declaration by recording a Supplemental Declaration describing the additional property. Such annexation shall require the affirmative vote of Members representing at least a majority of the Class "A" votes of the Association who are present, in person or by proxy, at a meeting duly called for such purpose and the consent of the owner of said property. In addition, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 2.1 of this Article, the consent of the Declarant shall also be required.

The Supplemental Declaration shall be signed by the President of the Association, by the owner of the property and by Declarant, if Declarant's consent is required.

Section 2.3 Withdrawal of Property. The Declarant shall have the right to amend this Declaration so long as it has the right to annex property pursuant to Section 2.1, for the purpose of removing from the provisions of the Declaration any portion of the Community which has not been improved with a Residence, provided such withdrawal does not reduce the total number of Units then subject to the Declaration by more than ten percent (10%). Such amendment shall not require the consent of any Person other than the owner of the property to be withdrawn, if such owner is not Declarant. If the property is Common Areas, the Board must also consent to such withdrawal.

Section 2.4 Additional Covenants and Easements. Declarant may subject any portion of the Community to additional covenants and easements. If the Declarant does not own the property, then the written consent of the owner of such property shall be necessary to the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

ARTICLE III

MEMBERSHIP; VOTING RIGHTS; SERVICE AREAS

Section 3.1 Membership. Every Owner is a Member of the Association; provided, there is only one membership per Unit. In the event a Unit is owned by more than one Person, all co-Owners shall be entitled to the privileges of membership, subject to reasonable Board regulation, the restrictions on voting set forth in Section 3.3 hereof and in the Bylaws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners hereunder. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner, manager, or trustee, or by the individual designated from time to time by the Owner in writing provided to the Secretary of the Association.

Section 3.2 Classes of Voting Members. The Association shall have two classes of voting membership:

Class "A". Class "A" Members shall be all Owners with the exception of the Class "B" Member. Class "A" Members shall be entitled to one vote for each Unit owned. Where there is more than one Owner of a Unit, all such Persons shall be Class "A" Members, and the vote for such Unit shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to each Unit in which such members own undivided interests.

Class "B". The sole Class "B" Member shall be the Declarant. The Class "B" Member shall be entitled to appoint a majority of the members of the Board during the Declarant Control Period, in the manner specified in the Bylaws. In addition, the Class "B" Member shall have a right to disapprove any action of the Board and/or committees as provided in the Bylaws. Additional rights of the Class "B" Member are specified in the relevant sections of the Governing Documents. The membership rights of the Class "B" Member shall be appurtenant to and may not be separated from the rights of the Declarant.

The Class "B" membership shall terminate and become converted to Class "A" membership upon the earlier of:

(i) one (1) year after expiration of the Declarant Control Period;

(ii) when, in its discretion, the Declarant so determines and declares in a recorded instrument.

Upon termination of the Class "B" membership, the Declarant shall be a Class "A" Member entitled to one Class "A" vote for each Unit, if any, which it owns.

Section 3.3 Condominium Representatives. In the case of a Unit containing a condominium, and for which a Condominium Association has been created, the board of directors of the Condominium Association (the "Condominium Representatives") shall cast all votes attributable to the Residences (i.e. individual condominium units) in such Condominium

Association on all Association matters requiring a membership vote, unless otherwise specified in this Declaration or the Bylaws. Vacancies on the board of directors of the Condominium Association shall be filled in accordance with the provisions of the governing documents of the Condominium Association.

Section 3.4 Service Areas.

(a) In General. Every Unit shall be located within a Service Area. Unless and until Service Areas are established, the Properties shall consist of a single Service Area. The Units within a particular Service Area may be subject to covenants in addition to those set forth in this Declaration and, if required by law or otherwise approved by the Declarant, the Owners within a Service Area may be members of a Condominium Association in addition to the Association.

(b) Designation. Exhibit "A" to this Declaration and each Supplemental Declaration submitting additional property to this Declaration shall initially assign the property submitted thereby to a specific Service Area (by name or other identifying designation), which Service Area may be then existing or newly created. So long as any Declarant has the right to subject additional property to this Declaration pursuant to Section 2.1 hereof, the Declarant may unilaterally amend this Declaration or any Supplemental Declaration to create new Service Areas or re-designate Service Area boundaries; provided, however, the Declarant shall not combine two or more Service Areas without the consent of the Owners of a majority of Units in each affected Service Area.

(c) Request for Services and Amenities. The Owners within any Service Area may request that the Association provide a higher level of service than that generally provided to all Service Areas or may request special services or additional amenities or improvements such as entry features for the benefit of Units in such Service Area. Upon receipt of a written request signed by Owners representing a majority of the Units within a Service Area specifying the desired services, amenities or improvements, the Board may, but is not obligated to, accept the request and provide the requested items. If provided, the cost of initial construction, maintenance, repair and replacement and otherwise providing for such services, amenities or improvements, which may include a reasonable administrative charge and a contribution to reserves in such amount as the Board deems appropriate, shall be assessed against all of the Units within such Service Area as a Service Area Assessment.

(d) Request for Reduction or Termination of Services. The Owners within any Service Area may request that the Association reduce the level of and/or terminate services provided to that Service Area pursuant to Section 3.4(c). Upon receipt of a written request signed by Owners representing a majority of the Units within a Service Area specifying the services requested to be reduced and/or terminated, the Board may, but is not obligated to, accept the request and reduce the level of and/or terminate the requested items. If accepted, the cost of reducing and/or terminating such services, including any termination fees provided in the contract for such services and a reasonable administrative charge in such amount as the Board deems appropriate, shall be assessed against all of the Units within such Service Area as a Service Area Assessment. This right to request the termination or the reduction in the level of special services shall only apply to those special services requested by a Service Area and shall not apply to any item which this Declaration or a Supplemental Declaration requires the Association to provide as a special service and assess as a Service Area Assessment.

ARTICLE IV

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 4.1 Common Areas. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including, without limitation, furnishings, equipment and common landscaped areas), and shall keep them in good, clean, attractive and sanitary condition, order and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard, and shall pay as a Common Expense all state and local taxes applicable thereto.

Section 4.2 Personal Property and Real Property for Common Use. The Association may acquire, hold and dispose of tangible and intangible personal property and real property, subject to such restrictions as are set forth in the Governing Documents. Declarant and its designees may convey to the Association personal property and fee title, leasehold, or other interests in any improved or unimproved real estate located within the Community. Upon conveyance or dedication by Declarant to the Association, such property shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed of conveyance. Upon written request of Declarant, the Association shall reconvey to the Declarant for no or nominal monetary consideration any unimproved portions of the Community originally conveyed by Declarant to the Association for no or nominal monetary consideration, to the extent conveyed in error or needed by Declarant to make minor adjustments in property lines.

Section 4.3 Rules and Regulations. The Board may make, amend and enforce reasonable rules and regulations governing the collection of assessments (including, without limitation, the application of payments received from Owners) and the use and operation of the Common Areas and Units (including, without limitation, the use, occupancy, leasing or sale, maintenance, repair, modification and appearance of Units) which rules and regulations shall be consistent with the rights and duties established by this Declaration. Such regulations and use restrictions shall be binding upon all Owners, Residents, invitees and licensees, if any, until and unless overruled, canceled or modified in a regular or special meeting of the Association by the vote of a majority of the Class "A" Members and the consent of the Class "B" Member, so long as such membership shall exist. The initial Rules of the Association are set forth on Exhibit "C" to this Declaration.

Section 4.4 Compliance and Enforcement. Every Owner and Resident of a Unit shall comply with the Governing Documents. The Association shall be authorized to impose sanctions for violations of the Governing Documents. Sanctions may include, without limitation, the following:

(a) imposing reasonable monetary fines, which shall constitute a lien upon the violator's Unit;

(b) suspending an Owner's right to vote or the right to the use and enjoyment of the facilities of the Association;

(c) suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any Assessment or other charge owed to the Association;

(d) exercising self-help (specifically including, but not limited to, the towing of vehicles that are in violation of the Governing Documents, removing nonconforming structures and/or improvements pursuant to Section 7.13 and performing maintenance on an Owner's Unit pursuant to Section 5.4);

(e) recording a Notice of Violation pursuant to Section 7.14;

(f) levying a Specific Assessment pursuant to Section 6.6; and

(g) taking any other action to abate a violation of the Governing Documents.

The Board shall afford a violator notice and an opportunity to be heard in accordance with the Governing Documents prior to the imposition of any sanction, unless the Board determines that an emergency situation exists. In addition to any other enforcement rights, in the event of a violation or breach of any of these restrictions by any Person, the Association and/or the Declarant, through their duly designated representatives, and the owners of the Units, or any of them, jointly or severally, shall have the right to proceed at law or in equity, or both, to compel compliance with the terms hereof or to prevent the violation or breach of any of them. All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. If the Association prevails in any action to enforce the Governing Documents, it shall be entitled to recover all costs, including, without limitation, attorney's fees, court costs and any additional administrative or management fees reasonably incurred in such action. Failure by the Association to enforce any of the foregoing or any other right or remedy of the Association shall in no event be deemed a waiver of the right to so thereafter.

The Association may, but shall not be obligated to, permit Collin County and the Municipality to enforce ordinances on the Community for the benefit of the Association and its Members.

Section 4.5 Implied Rights. The Association may exercise any other right or privilege given to it expressly by the Governing Documents. The Association may also exercise every other right or privilege reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

Section 4.6 Governmental Interests. For so long as the Declarant owns any property described on Exhibit "A" or Exhibit "B", the Association shall permit the Declarant to designate and redesignate sites within the Community for fire, police, school, water and sewer facilities, public schools and parks, public bicycle and pedestrian pathways and trails, and other public facilities. The sites may include Common Areas owned by the Association, and in such case no membership approval shall be required and the Association shall dedicate and convey the designated site as requested by the Declarant.

Section 4.7 Indemnification. The Association shall indemnify every officer, director and committee member to the full extent permitted by Section 1396-2.22.A of the Texas Non-Profit Corporation Act, as amended (but, in the case of any such amendment, only to the extent that such amendment permits broader indemnification than permitted prior to such amendment). Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association.

Section 4.8 Dedication of Common Areas. Subject to such approval requirements as may be set forth in this Declaration, the Association shall have the power to dedicate portions of the Common Areas to the Municipality and/or Collin County, Texas, or to any other local, state or federal governmental entity.

Section 4.9 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to enhance the security of the Community. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMUNITY, NOR SHALL SUCH PARTIES BE HELD LIABLE FOR ANY LOSS OR DAMAGE FOR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN.

THE ASSOCIATION, DECLARANT, ANY SUCCESSOR DECLARANT, AND ARCHITECTURAL CONTROL COMMITTEE MAKE NO REPRESENTATION OR WARRANTY THAT ANY SYSTEMS OR MEASURES, INCLUDING ANY MECHANISM, DEVICE OR PERSON EMPLOYED TO LIMIT OR RESTRICT ACCESS TO THE COMMUNITY CANNOT BE COMPROMISED OR CIRCUMVENTED; OR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ANY CASE PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND ALL TENANTS, GUESTS AND INVITEES OF ANY OWNER, ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION, ITS BOARD, COMMITTEE MEMBERS, THE DECLARANT OR ANY SUCCESSOR DECLARANT, ARE NOT INSURERS AND THAT EACH PERSON WITHIN THE COMMUNITY ASSUME ALL RISKS FOR PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY, INCLUDING RESIDENCES AND THE CONTENTS THEREOF, RESULTING FROM ACTS OF THIRD PARTIES.

Section 4.10 Construction Activities. All Owners are hereby placed on notice that Declarant, any affiliate of Declarant, and/or its agents, contractors, subcontractors, licensees and other designees, successors or assignees, may be, from time to time, conducting excavation, construction and other activities within or in proximity to the Community. By the acceptance of a deed or other conveyance or Mortgage, leasehold, license, easement or other interest, and by using any portion of the Community, each Owner automatically acknowledges, stipulates and agrees (a) that none of the aforesaid activities shall be deemed nuisances or noxious or offensive activities, under any applicable covenants or at law generally, (b) not to enter upon, or allow

their children or other Persons under their control or direction to enter upon (regardless of whether such entry is trespass or otherwise) any property within or in proximity to any portion of the Community where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours), (c) Declarant, any affiliate of Declarant, and all of their agents, contractors, subcontractors, licensees and other designees, successors and assignees, shall not be liable but, rather, shall be held harmless, for any and all losses and damages (compensatory, consequential, punitive or otherwise), injuries or deaths arising from or relating to the aforesaid activities, and (d) any purchase or use of any portion of the Community has been and will be made with full knowledge of the foregoing.

Section 4.11 Provision of Services. The Association may provide or provide for services and facilities for the Members and their Units, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use and service fees for any services and facilities provided at the option of an Owner, or may include the costs thereof in the Association's budget as a Common Expense if such services are provided to all Units or include such costs as a Service Area Expense if provided to less than the entire Community. By way of example, such services and facilities might include landscape maintenance, child care, pest control service, cable television or satellite service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities. Nothing herein shall be construed as a representation by the Declarant or the Association as to what, if any, services or facilities shall be provided. In addition, the Board shall be permitted to modify or cancel existing services or facilities, unless otherwise required by the Governing Documents.

Section 4.12 Relation with Other Properties. The Association may enter into contractual agreements or covenants to share costs with any neighboring property, including, without limitation, the owner of property subject to the Commercial Declaration to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

Section 4.13 Facilities and Services Open to the Public. Certain facilities and areas within the Community may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example, greenbelts, trails and paths, parks, lakes, and other neighborhood areas conducive to gathering of people, roads, sidewalks and medians. The Declarant may designate such facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Area of Common Responsibility or the Board may so designate at any time thereafter.

Section 4.14 Powers of the Association Relating to Condominium Associations. The Association shall have the power to veto any action taken or contemplated to be taken by any Condominium Association which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association shall also have the power to require action to be taken by any Condominium Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefor.

A Condominium Association shall take the action specified by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Condominium Association fails to comply, the Association shall have the right to take such action on behalf of the Condominium Association and levy Specific Assessments to cover the costs thereof, as well as impose an administrative charge and sanctions.

Section 4.15 Use of Technology. In recognition of the opportunities offered through computers and continuing advancements in the high technology fields, the Association may, as a Common Expense, provide for or offer services which make use of computers and other technological opportunities. For example, to the extent Texas law permits, and unless otherwise specifically prohibited in the Governing Documents, the Association may send required notices by electronic means; hold Board or Association meetings and permit attendance and voting by electronic means or via the web; send and collect assessment and other invoices electronically over the computer; sponsor a community cable television channel; create and maintain a community intranet or Internet home page offering interactive participation opportunities for users; and maintain an "online" newsletter or bulletin board.

The Association may establish a computer information system ("Association Net" to provide Owners, residents, tenants, occupants, invitees and owners of commercial property abutting the Community ("Association Net Users") with access to advanced information technology in order to encourage interaction between and among the Association Net Users to stimulate participation in community life, disseminate information about activities and programs and foster a sense of community. The Association shall be the sole provider of the Association Net. If the Association Net is established, the Association shall have the sole authority to select providers of services and components. The Association is authorized to enter into use and cost sharing agreements with individuals outside the Community permitting access to the Association Net.

Notwithstanding the amendment provisions set forth in Article XVI, so long as Declarant owns any portion of the Community, has the unilateral right to annex property to this Declaration, or owns any portion of the Frisco Square Town Center, Declarant shall have the right to amend this Declaration to implement the Association Net. Such amendments may include, without limitation, establishing that funding of the Association Net and the fees to be paid will be mandatory, establishing who may access the Association Net, and establishing and limiting the number of connections entitled by each Association Net User.

ARTICLE V

MAINTENANCE

Section 5.1 Association's Responsibility. Except as may be otherwise provided by this Declaration, the Association shall maintain and keep in good repair the Area of Common Responsibility, such maintenance to be funded as hereinafter provided. The Municipality shall have no responsibility for maintenance of the Common Areas. The Area of Common Responsibility shall include, but need not be limited to:

(a) all portions of and structures and improvements situated upon the Common Areas;

(b) all landscaping and other flora, parks, structures and improvements, including any

bike and pedestrian pathways/trails, situated upon the Common Areas;

(c) all screening walls, entry features, monuments, bridges, and landscaping within public rights-of-way within or abutting the Community, and landscaping and other flora within any public utility easement within the Community (subject to the terms of any easement agreement relating thereto);

(d) such portions of any additional property as may be dictated by this Declaration, any Supplemental Declaration, any covenant to share costs, or any contract or agreement for maintenance thereof entered into by the Association;

(e) all ponds, lakes, detention areas, wash areas, streams and/or wetlands located within the Community which serve as part of the storm water drainage system for the Community, including any improvements and equipment installed therein or used in connection therewith; provided, neither the Association nor the Declarant shall have any liability for damage or injury caused by flooding or surface runoff resulting from rainfall or other natural occurrences;

(f) any property and facilities owned by Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, such property and facilities to be identified by written notice from the Declarant to the Association and to remain a part of the Area of Common Responsibility and be maintained by the Association until such time as the Declarant revokes such privilege of use an enjoyment by written notice to the Association; and

(g) with respect to Units containing Townhomes, the Association shall also be responsible for the following as a part of the Area of Common Responsibility:

(i) Periodic cleaning (at least twice each year) of all exterior glass surfaces and windows of the Townhomes;

(ii) Maintenance, repair and replacement, if necessary, of all fire room closets which serve more than one Townhome;

(iii) Maintenance, repair and replacement of all fire room electrical meters (but excluding the cost of providing electricity to the Townhomes), including the cost of renewing certifications related thereto;

(iv) Maintenance of all front and side yard landscaping, excluding any landscaping located within an enclosed fence, originally planted or provided by the Declarant upon the Units, except that the Association's responsibility shall be limited to the mowing and fertilizing of lawns, application of herbicides and pesticides, pruning and trimming of trees and shrubs, weeding of shrub and flower beds, and edging along shrub and flower beds, driveways and sidewalks. Except as specifically set forth herein, the Association shall have no responsibility for maintenance of landscaping installed by the Owner or Resident of a Unit or for replacement of landscaping materials, plants or trees which are damaged or destroyed because of pests, disease, weather conditions or other causes except to the extent that the Board expressly agrees to assume responsibility for such

maintenance or replacement, respectively;

(v) Pest control outside the perimeter walls of the Townhomes;

(vi) any irrigation equipment (including, without limitation, any sprinklers, pumps, wells, water lines, and time clocks, wherever located) serving the Townhomes, including the cost of water, but excluding sprinklers or other irrigation equipment installed by the Owners or Resident of the Townhome; and

(vii)) all utility lines, chutes, flues, pipes, ducts, wires, vents and conduits serving more than one Townhome, to the extent that such utility lines, chutes, flues, pipes, ducts, wires, vents and conduits are not maintained by public, private or municipal utility companies.

The Association shall have the right to enter upon, for the purpose of maintaining, and may maintain, other property which it does not own, including, without limitation, Units, or property dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard. In addition, the Association may enter into contractual agreements or covenants to share costs with other properties or facilities for maintaining and/or operating shared or mutually beneficial properties or facilities.

The Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods of maintenance or repairs or unless Members representing 75% of the Class "A" votes in the Association and the Declarant agree in writing to discontinue such operation. Except as provided hereinabove, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with the prior written approval of the Declarant as long as the Declarant owns any property described in Exhibit "A" or Exhibit "B" of this Declaration.

All costs and expenses related to the Association's responsibility hereunder shall either be a Common Expense in the event such expense benefits the entire Community or as a Service Expense in the event such Expense benefits one or more Service Areas; provided, the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, a covenant to share costs, other recorded covenants, or agreements with the owner(s) thereof. All costs associated with the maintenance, repair or replacement of Limited Common Areas intended for the exclusive use and benefit of a particular Service Area shall be assessed as a Service Area Assessment solely against the Units within the benefited Service Area, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

Section 5.2 Owner's Responsibility. Unless the maintenance responsibility is otherwise assumed by or assigned to the Association or Condominium Association pursuant to this Declaration, any Supplemental Declaration, a condominium declaration or other declaration of covenants applicable to such Unit, each Owner shall maintain, repair and replace, as necessary, the following items:

(a) the interior and exterior portion of his or her Unit and Residence and all landscaping, structures, parking areas, sidewalks and other improvements within the boundaries of the Unit, in

a well-maintained, safe, clean and attractive condition at all times. Such maintenance shall include (without limitation):

(i) the proper seeding, consistent watering and mowing of all lawns;

(ii) the pruning and cutting of all trees and shrubbery;

(iii) the prompt removal of all litter, trash, refuse and waste;

(iv) watering of all landscape;

(v) keeping exterior lighting and mechanical facilities in working order;

(vi) keeping lawn and garden areas alive free of weeds and attractive;

(vii) keeping structures, windows, window frames, garage doors, shutters, eaves, fascia, gutters, downspouts, roofs, shingles, decking, walls, foundations, driveways and sidewalks, in good repair and condition;

(viii) promptly repairing any exterior damage;

(ix) complying with all governmental health and police requirements

(x) keeping any drainage easement free of items which would impede the flow of storm water within the drainage easement unless the maintenance responsibility is otherwise assumed by or assigned to the Association or other declaration of covenants applicable to such Unit; and

(xi) painting and repainting of improvements as often as is reasonably necessary to ensure the attractiveness and aesthetic quality of such Unit or improvement as determined by the Committee. The approval of the Committee otherwise required herein shall not be required for such repainting so long as neither the color scheme nor the arrangement of the colors of any improvements, nor the color of paint thereon, is substantially altered.

(b) all landscaping on that portion of the Common Areas or public right-of-way between the Unit boundary and the nearest curb or pavement edge of the adjoining street(s) or the nearest fence, wall or berm constructed on the adjacent Common Areas.

During construction of improvements on a Unit, reasonable care shall be taken by the Owner thereof to protect all public and private streets from damage due to construction. During construction, Units shall be kept as clean as possible to avoid blowing trash and to prevent mud from coming onto other portions of the Community. Owners shall keep streets reasonably clean and free of dirt/mud and debris during construction periods and neither the Declarant nor the Association shall have responsibility or liability for the streets during construction. Owners will not be allowed to store any excavation of soil on streets or adjacent sites without prior written permission of the Committee. Soil runoff due to rain or irrigation shall be removed promptly from streets and sidewalks by the Owner. The Board may adopt rules regarding the maintenance

of construction sites, including the imposition of fines for violations of this Section 5.2.

Section 5.3 Condominium Association's Maintenance Responsibility. A Condominium Association, if any, shall maintain common property within its condominium regime and any other property which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants.

Section 5.4 Enforcement. If, at any time, an Owner of any Unit, or a Condominium Association, shall fail to control weeds, grass and/or other unsightly growth, or permit accumulation of garbage, trash or rubbish, or otherwise fail to maintain the Unit or other area required to be maintained by the Owner or Condominium Association hereunder (such as a drainage easement), the Association shall have the authority and right to go onto said property for the purpose of mowing, cleaning or maintaining said property and shall have the authority and right to assess and collect from the Owner of said Unit or the Condominium Association a reasonable sum for mowing, cleaning or maintaining said property on each respective occasion of such mowing, cleaning or maintenance. However, the Association shall afford the Owner or Condominium Association at least ten (10) days prior written notice and an opportunity to cure the problem prior to entry, except when immediate entry is required due to an emergency situation. Any such Assessment, together with interest thereon at the highest lawful rate and costs of collection thereof, shall be a charge on the land and shall be a continuing lien upon each Unit against which each such Assessment is made in accordance with Section 6.6 and Section 6.10 of this Declaration.

Section 5.5 Standard of Performance. Unless otherwise specifically provided in the Governing Documents or in other instruments creating or assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement necessary to maintain the property to a level consistent with the Community-Wide Standard. Repair and replacement shall include improvement, if necessary to comply with applicable building codes or other regulations or if otherwise deemed appropriate, in the Board's reasonable discretion. Each Owner further covenants and agrees that in the event of damage to or destruction of structures on such Owner's Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article VII. Alternatively, the Owner shall clear the Unit and maintain it in a neat and attractive, and landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance.

Section 5.6 Indemnification. If the Association, a Condominium Association, the Declarant or Owner, or any of their agents, employees or contractors (i) causes any damage to the Common Areas or to any Unit, or to any Improvements located thereon, or (ii) causes any injury to any person utilizing the Common Areas or any Unit, or any Improvements located thereon, which damage or injury arises in whole or in part out of the exercise of any of the easements granted by Article XIII, the party responsible for such damage or injury shall:

(a) Restore the Common Areas or Unit(s) to their condition immediately preceding such entry;

(b) Repair any damage to any Improvements located on the Common Areas or any Unit, and replace any such Improvements located thereon which are not capable of repair; and

(c) Indemnify, defend and hold harmless the Association, a Condominium Association, the Declarant or any Owner not responsible for such damage or injury from any and all damages, liability and expenses incurred by such innocent party as a result of the exercise of rights granted by such easement.

Section 5.7 Party Walls and Party Fences.

(a) General Rules of Law to Apply. Each wall, fence or driveway built as a part of the original construction on the Units which shall serve and/or separate any two adjoining Units shall constitute a party structure. To the extent not inconsistent with the provisions of this Section 5.7, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure.

(c) Damage and Destruction. If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the party structure may restore it. If other Owners thereafter use the party structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Section 5.7 shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

(e) Arbitration. In the event of any dispute arising concerning a party structure, each party shall appoint one arbitrator. Should any party fail and/or refuse to appoint an arbitrator within ten (10) days after written request by the other party, the requesting party shall appoint an arbitrator for the refusing party. The arbitrators appointed shall appoint one additional arbitrator. The decision by a majority of all three arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other. Neither the Association nor the Declarant shall have any responsibility in resolving any disputes between Members concerning a party structure.

ARTICLE VI

ASSOCIATION FINANCES

Section 6.1 Covenants for Assessments. Except as hereinafter provided, each Owner of a Unit hereby covenants, and each successor-in-title of any such Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant to pay to the Association (1) Annual Assessments or charges (as specified in Section 6.3 hereof); (2) Service Area Assessments, for expenses benefiting only those Units within a particular Service Area, as described in Section 6.4 below; (3) Special Assessments (as

specified in Section 6.5 hereof); and (4) Specific Assessments (as specified in Section 6.6 hereof). All of such Assessments to be fixed, established and collected from time to time as hereinafter provided. The Association shall, within ten (10) days of a demand, furnish to any Owner, or a Mortgagee or other Person authorized by the Owner, a certificate in writing signed by an officer of the Association, or a duly authorized agent, setting forth the amount of any unpaid Assessments against the Owner's Unit and any other additional information which is required to be provided under law. Such certificate shall be conclusive evidence of such Owner's Assessment obligation as of the date of the certificate. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

Section 6.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of benefiting the owners of the Community, or any part thereof, for the improvement and maintenance of the Area of Common Responsibility and for carrying out the purposes of the Association as stated in its Articles of Incorporation.

Section 6.3 Annual Assessment.

(a) Budget. At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses of the Association during the coming year, including any contributions to a reserve fund.

(b) Computation. The Annual Assessment shall be levied equally against all Units and shall be set at a level which is reasonably expected to produce the total income of the Association equal to the total budgeted Common Expenses, including reserves provided, however, that until the issuance of a Certificate of Occupancy as to a Unit, the Owner of such Unit shall be assessed at a rate equal to twenty-five percent (25%) of the Annual Assessment rate for other Units. In determining the level of Assessments, the Board may consider other sources of funds available to the Association, the number of Units subject to Assessment under Section 6.7 hereof on the first day of the fiscal year for which the budget is prepared, the number of Units owned by Builders and the number of Units reasonably anticipated to become subject to Assessment during the fiscal year. Notwithstanding the foregoing, the Declarant shall be exempt from the payment of the Annual Assessment so long as Declarant is funding budget deficits pursuant to Section 6.3(e) hereof.

(c) Notice; Disapproval. The Board shall send notice of the amount of the Annual Assessment to be levied pursuant hereto, to each Owner at least thirty (30) days prior to the effective date of such Assessment. The Annual Assessment shall automatically become effective upon adoption by the Board unless disapproved at a meeting by Members representing at least fifty percent (50%) of the total Class "A" votes in the Association and by the Class "B" Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering the Annual Assessment except on petition of the Members as provided for special meetings in the Bylaws, which petition must be presented to the Board within ten (10) days after delivery of the notice of any Annual Assessment.

In the event a proposed Annual Assessment is disapproved or the Board fails for any reason to determine the budget and Annual Assessment for any year, then and until such time as a budget and Annual Assessment shall have been determined, the budget and Annual Assessment most recently in effect shall continue in effect until a new budget and Annual Assessment are

determined.

(d) Budget Revisions. The Board may revise the budget and adjust the Annual Assessment from time to time during the fiscal year, subject to the notice requirements and the right of the Members to disapprove the revised Annual Assessment as set forth above.

(e) Budget Deficits. Declarant shall pay the difference between the amount of Assessments (exclusive of reserve contributions) levied on all other Units subject to Assessment and the amount of actual expenditures (exclusive of reserve contributions) incurred by the Association during each fiscal year (the "budget deficit"). This obligation to fund budget deficits shall cease upon the earlier of: (i) the termination of the Class "B" Membership or (ii) the elimination of the budget deficit for a fiscal year (exclusive of Declarant contributions). The Association shall have a lien against all Units owned by the Declarant to secure the Declarant's obligations under this Section 6.3(e), which lien shall have the same attributes and shall be enforceable in the same manner as the Association's lien against other Units under this Article. The Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Declarant's obligation to fund budget deficits, the Declarant shall pay Assessments on its unsold Units in the same manner as any other Owner.

(f) Declarant Subsidy. Declarant may reduce the Annual Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 6.3(e) above), which may be either a contribution, or a loan, in the Declarant's absolute discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. The payment of such subsidy in any year shall not otherwise obligate Declarant to continue payment of such subsidy in future years, unless provided in a written agreement between Declarant and the Association.

Section 6.4 Service Area Assessments.

(a) Budget. At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Service Area Expenses for each Service Area on whose behalf Service Area Expenses are expected to be incurred during the coming year, including any contributions to a reserve fund for capital items maintained as a Service Area Expense. Each such budget shall include any costs for additional services or amenities or a higher level of services which have been approved by the Owners in such Service Area and accepted by the Association pursuant to Section 2.05(c).

(b) Computation. Service Area Expenses shall be allocated equally among all Units within the Service Area; provided, however, that Declarant shall be exempt from the payment of Service Area Assessments during the period that Declarant is funding budget deficits pursuant to Section 6.3(e) hereof.

(c) Notice; Disapproval. The Board shall send notice of the amount of the Service Area Assessment for the coming year to each Owner in the Service Area at least thirty (30) days prior to the beginning of the fiscal year. Such budget shall become effective unless disapproved in writing by the Owners of at least seventy-five percent (75%) of the Units in the Service Area(s) to which the Service Area Assessment applies within twenty (20) days of the date of delivery of such notice. This right to disapprove shall only apply to those Service Area Expenses which are

attributable to services or amenities requested by the Service Area and shall not apply to any item which the Board or the Governing Documents require to be assessed as a Service Area Assessment.

In the event the proposed assessment for any Service Area is disapproved or the Board fails for any reason to determine the budget and Service Area Assessment for any year, then and until such time as a budget and Service Area Assessment shall have been determined, the budget and Service Area Assessment most recently in effect shall continue in effect until a new budget and Service Area Assessment are determined.

(d) Budget Revisions. The Board may revise the budget for any Service Area and adjust the amount of any Service Area Assessment from time to time during the year, subject to the notice requirements and the right of Owners within the affected Service Area to disapprove the revised budget and Service Area Assessment as set forth above.

(e) Use of Service Area Assessments. All amounts collected by the Association as Service Area Assessments shall be expended solely for the benefit of the Service Area for which they were collected.

Section 6.5 Special Assessments. In addition to the Annual Assessments and Service Area Assessments authorized by Section 6.3 and Section 6.4 hereof, the Association may levy in any Assessment year or years a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described improvement including the necessary fixtures and personal property related thereto, to cover unbudgeted expenses or expenses in excess of the amount budgeted or for carrying out other purposes of the Association as stated in the Governing Documents. Any such Special Assessment shall be levied equally against the entire Class "A" membership if such Special Assessment is for Common Expenses, or against the Units within any Service Area, if such Special Assessment is for Service Area Expenses. Except as otherwise provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent, or any combination thereof, of Owners (if a Common Expense) or Owners within the affected Service Area(s) (if a Service Area Expense) representing at least fifty percent (50%) of the total number of votes cast with respect to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments may be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

Section 6.6 Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Unit or Units as follows:

(a) to cover costs incurred in bringing a Unit or Units into compliance with the provisions of the Governing Documents;

(b) to cover the costs of providing benefits, items or services not provided to all Units, such as landscape maintenance, child care, pest control service, security and transportation services; such Assessments may be levied in advance of the provisions of the requested benefit, item or service as a deposit against charges to be incurred;

(c) for fines levied pursuant to the Governing Documents;

(d) for any other cost or expense authorized by the Governing Documents to be levied against an Owner and his or her Unit or a Condominium Association.

Section 6.7 Commencement Date of Assessments. Unless otherwise provided in a Supplementary Declaration, the obligation to pay Assessments shall commence as to all Units on the first day of the month following: (i) the month in which the Board first determines a budget and levies Assessments pursuant to this Article, (ii) or the month in which the Unit is made subject to this Declaration. The first Annual Assessment and Service Area Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time Assessments commence on the Unit.

Section 6.8 Due Date of Assessments. The notice of the Annual Assessment and the Service Area Assessment, if any, shall be issued on or before the first day of January and shall be considered delinquent if not paid by the 31st day of January. The due date and delinquent date of any Special Assessment under Section 6.5 hereof shall be fixed in the resolution authorizing such Assessment.

Section 6.9 Owner's Personal Obligation for Payment of Assessments. Any Assessment provided for herein shall be the personal and individual debt of the Owner of the property covered by such Assessment. No Owner may exempt himself from liability for such Assessments by non-use of Common Areas, abandonment of the Unit or any other reason. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association or for inconvenience or discomfort arising from the making of repairs or improvements, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority or for any other action taken or failed to be taken by the Association. In the event of default in the payment of any such Assessment, the Owner of the property shall be obligated to pay interest at the rate of ten percent (10%) per annum on the amount of the Assessment from the due date thereof, together with all costs and expenses, including attorney's fees, collection costs and late charges as determined by Board resolution. If any Owner is delinquent in paying any Assessments or other charges levied on his or her Unit, the Board may require any unpaid installments of all outstanding Assessments to be paid in full immediately.

Section 6.10 Assessment Lien and Foreclosure. From and after the date of the recording of the Original Declaration, the Association has had and shall continue to have a continuing lien and charge against each Unit to secure payment of delinquent Assessments, as well as interest (subject to the limitations of Texas law), late charges, and costs of collection (including attorney's fees). The aforesaid lien shall be superior to all other liens and charges against the said Unit, except only for tax liens and sums unpaid on a first mortgage lien or first deed of trust lien of record, securing in either instance sums borrowed for the improvement of the Unit in question. The Association shall have the power to subordinate the aforesaid Assessment lien to any other lien. Such power shall be entirely discretionary with the Association.

To evidence the aforesaid Assessment lien, the Association may prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the property covered by such lien and a description of the property. Such notice shall be signed by one of the officers of the Association or its duly authorized agent and shall be recorded in the office of the County Clerk of Collin County, Texas. However, the failure of the Association to execute and record any such document shall not, to any extent, affect the validity, enforceability or priority of the lien. The lien may be foreclosed through judicial or, to the extent allowed by law, non-judicial foreclosure proceedings in accordance with Section 51.002 et seq. of the Texas Property Code (the "Foreclosure Statute"), as it may be amended from time to time, in like manner of any deed of trust on real property. In connection with the lien created herein, each Owner of a Unit hereby grants to the Association, whether or not it is so expressed in the deed, the contract for sale or other conveyance to such Owner, a power of sale to be exercised in accordance with the Foreclosure Statute. In any foreclosure proceeding, whether judicial or non-judicial, the owner shall be required to pay the costs, expenses and reasonable attorney's fees incurred. The Association shall have the power to bid on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any mortgagee holding a prior lien on any part of the Community, the Association shall report to said mortgagee any unpaid Assessments remaining unpaid for longer than thirty (30) days after the same are due.

The sale or transfer of any Unit shall not affect the Assessment lien or relieve such Unit from the lien for any post-sale Assessments. However, the sale or transfer of any Unit pursuant to judicial or non-judicial foreclosure of a first mortgage shall extinguish the lien as to any installments of such Assessments which became due prior to such sale or transfer. Where the mortgagee holding a first mortgage of record or other purchaser of a Unit obtains title pursuant to judicial or non-judicial foreclosure of the mortgage, it shall not be personally liable for Assessments on such Unit due prior to such acquisition of title. Such unpaid Assessments shall be deemed to be Common Expenses, collectible from Owners of all Units subject to Assessment under Section 6.7, including such acquirer, its successors and assigns.

Section 6.11 Capitalization of the Association. Each Owner, upon acquisition of record title to a Unit, shall make a contribution to the Association's capital reserve fund in an amount equal to one-sixth (1/6) of the Annual Assessment applicable to that Unit for that year. This amount shall be in addition to, not in lieu of, the Annual Assessment levied on the Unit and shall not be considered an advance payment of any portion thereof. This amount shall be deposited into the general operating account and disbursed therefrom to the Association for use in covering expenses incurred by the Association pursuant to the terms of the Governing Documents.

Section 6.12 Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Annual Assessments, Service Area Assessments and Special Assessments:

(a) all Common Areas;

(b) all property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets and public parks, if any;

(c) Units owned by the Declarant during Declarant's funding of budget deficits under Section 6.3(e); and

(d) any property which is not subject to this Declaration including, without limitation, the property subject to the Commercial Declaration.

In addition, the Declarant and/or the Association shall have the right to grant exemptions to certain Persons qualifying for tax exempt status under Section 501(c) of the Internal Revenue Code of 1986 so long as such Person owns property subject to this Declaration for purposes listed in Section 501(c).

ARTICLE VII

ARCHITECTURAL STANDARDS

Section 7.1 Designation of Architectural Control Committee. The Association shall have an Architectural Control Committee (the "ACC"), which shall consist of three (3) members who shall be natural persons, and who shall be appointed by the Declarant until such time as the Declarant has sold all Units in the Community, and each such Unit has been issued a Certificate of Occupancy. There shall be no surrender of this right prior to that time except in a written instrument executed by the Declarant and recorded in the Collin County Deed Records. Upon the expiration or surrender of such right, the ACC shall become the province of the Association, and the Board shall appoint the members of the ACC, who shall thereafter serve and may be removed in the Board's discretion.

The members of the ACC may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The ACC shall have the exclusive and absolute authority to administer and enforce architectural controls and to review and act upon all applications for construction within the Community.

Section 7.2 Design Guidelines. The Declarant may prepare design and development guidelines and application and review procedures (the "Design Guidelines") which shall be applicable to all construction activities within the Community. The initial Design Guidelines shall be the Frisco Square Development Standards set forth as Exhibit "C" to the Frisco Square Planned Development Ordinance adopted by the City Council of the Municipality, Ordinance Number 00-07-16, passed on July 24, 2000 ("Ordinance"). The Declarant may adopt additional Design guidelines and shall have the sole and full authority to amend them as long as Declarant owns any portion of the Community unless the Declarant assigns such right to the Board at an earlier time. Thereafter, the Board shall have the authority to amend the Design Guidelines. Any amendments to the Design Guidelines shall be prospective only and shall not apply or require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines; the Declarant or the Board, as appropriate, are expressly authorized to amend the Design Guidelines to remove requirements previously imposed or otherwise to make the Design Guidelines more or less restrictive. The Design Guidelines may contain general provisions applicable to all of the Community, as well as specific provisions which vary from one portion of the Community to another depending upon location and unique characteristics.

The Association shall make the Design Guidelines available to Owners and Builders who seek to engage in development or construction within the Community, and all such Persons shall conduct their activities in accordance with such Design Guidelines.

Section 7.3 Procedures. Except for a Builder constructing a Residence in accordance with the plans and specification of one of the architects selected by Declarant, and except as provided in this Section 7.3, no structure (whether temporary or permanent) shall be placed, erected or installed upon any Unit and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration or modification of existing improvements, and planting or removal of landscaping materials) shall be erected, constructed, placed, altered (by addition or deletion), maintained or permitted to remain on any portion of the Community until an application for approval of the proposed work, in such form and detail as the Committee may deem necessary, shall have been submitted to and approved in writing by such Committee. Notwithstanding the above, an Owner may repaint the exterior of a structure in accordance with originally approved color scheme and rebuild in accordance with originally approved plans and specifications without first seeking such approval. In addition, no approval shall be required to remodel, repaint or redecorate the interior of structures on his Unit. However, modifications to the interior of screened porches, patios and similar portions of a Unit visible from outside the Unit shall be subject to approval.

Plans and specifications for certain improvements specifically identified in the Design Guidelines as not requiring prior approval need not be submitted to or approved in writing by the Committee prior to an Owner's construction or installation of such improvement on the Owner's Unit; provided, however, that this exemption is authorized only if such improvement and the installation thereof strictly conforms to the requirements of this Declaration and the Design Guidelines.

The Declarant and/or the Association and/or the Committee shall have all the rights of enforcement as set forth in the Governing Documents against any Owner who installs any improvement which is not in strict conformity with this Declaration and the Design Guidelines.

This Article shall not apply to the activities of the Declarant nor to improvements to the Common Areas constructed by or on behalf of the Association.

Section 7.4 Content of Application. Any application for approval shall be in the form required by the Committee and shall include plans and specifications ("Plans") showing the site layout, external design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening therefor, and other features of proposed construction, as applicable. Each Residence constructed by a Builder shall be constructed in accordance with the plans prepared by and specifications for design, quality and materials stipulated by one of the architects selected by Declarant. The Committee may require the submission of such additional information as it deems necessary to consider any application. The Plans shall be in such form and shall contain such information as may reasonably be required pursuant to the Design Guidelines.

Section 7.5 Basis of Approval. Approval of plans and specification may be based among other things, on visual and environmental impact, ecological compatibility, the quality of

workmanship and design, architectural merit, adequacy of site dimensions, architectural design, conformity and harmony of external design and of location with neighboring structures and sites, relation of finished grades and elevations to neighboring sites, and conformity to both the specific and general intent of the Design Guidelines and the general scheme of development for the Community and Frisco Square Town Center. Decisions of the Committee may be based on purely aesthetic considerations. The decision of the Committee shall be final, conclusive and binding upon the applicant. All approved work shall be completed within one (1) year of commencement of construction or such shorter period as the Committee may specify in the notice of approval, unless completion within such time is delayed due to causes beyond the reasonable control of the Owner, as determined in the sole discretion of the Committee.

Section 7.6 Failure of the Committee to Act. A schedule and procedures outlining the specified plans to be submitted at specific times shall be established by the Committee and may be set forth in the Design Guidelines. The Committee shall, within forty-five (45) days after receipt of each required submission of plans, advise the party submitting the same, in writing, at an address specified by such party at the time of submission of (i) the approval of plans or (ii) the disapproval of plans, specifying the segments or features of the plans which are objectionable and suggestions, if any, for the curing of such objections. In the event the Committee fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the plans, the applicant may give the Committee written notice of such failure to respond, stating that, unless the Committee responds within ten (10) days of receipt of such notice, approval shall be deemed granted. However, no plans, whether expressly approved or deemed approved pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted in writing pursuant to Section 7.9 hereof.

Section 7.7 Appeal Process. Within ten (10) days after the Committee's disapproval of final plans, specifications and surveys, the applicant may make a written request for a hearing before the Committee to reconsider the application. If the applicant timely requests a hearing under this Section 7.7, the hearing shall be held in executive session of the Committee, affording the applicant a reasonable opportunity to be heard. The Committee shall notify the applicant in writing of its decision within ten (10) days after the hearing. The Owner shall have the right to appeal the Committee's decision to the Board. To perfect the right to appeal either Committee's decision, a written notice of appeal must be received by the Board within ten (10) days after the date of the written notice to the Owner of the results of the hearing. Any hearing before the Board shall be held in the same manner as the hearing before the Committee.

Section 7.8 No Waiver of Future Approvals. The Committee's approval of any plans for any work done or proposed, or in connection with any other matter requiring the approval and consent of such Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar plans or other matters subsequently or additionally submitted for approval.

Section 7.9 Variances. The Committee may authorize variances from compliance with the Design Guidelines and any required procedures when circumstances such as topography, natural obstructions, hardship or aesthetic or environmental considerations so require. Such variances shall not, however, (i) be effective unless in writing; (ii) be contrary to the restrictions set forth in this Declaration; or (iii) estop the Committee from denying a variance in other circumstances. For purposes of this Section 7.9, the inability to obtain approval of any

governmental agency, the issuance of any permit, or the terms of any financing shall not constitute hardships.

Section 7.10 Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and the Committee shall not bear any responsibility for ensuring (i) structural integrity or soundness of approved construction or modifications, (ii) compliance with building codes and other governmental requirements, or (iii) conformity of quality, value, size or design among Units. The Committee's approval of any application shall not be deemed to be a representation or warranty that the construction or modification of any improvement pursuant to such approval will be free of defects in the quality of materials or labor provided or in its design. Each Owner should obtain whatever soils reports, foundation studies, and/or engineering studies the Owner deems necessary to determine the adequacy of construction of any improvement prior to the purchase of a Unit. Neither the Association, the Declarant, the Board, the Committee or member of any of the foregoing, shall be held liable to anyone submitting plans and specifications for approval or to any owner of land affected by this Declaration for soil conditions, drainage or other general site work, or for any defects in plans revised or approved hereunder, or for any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any Unit or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications.

Section 7.11 Fees; Assistance. The Committee may establish and charge reasonable fees for review of applications and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed or Unit inspected by architects, engineers, agents or other professionals, although nothing shall be construed herein as requiring the review of applications by such professionals or the physical inspection of a Unit.

Section 7.12 Construction Deposit. In order to insure an Owner's compliance with this Declaration, the Design Guidelines and the rules and regulations promulgated thereunder, each Owner of a Unit (other than a Declarant) shall pay to the Association a construction deposit, in an amount established by the Board from time to time, upon the Owner's submission of final plans and specifications for the construction or modification of an improvement under this Article. This deposit is in addition to any such deposit required under a separate agreement between an Owner and Declarant. In the event the Committee disapproves of the final plans and specifications, the Association shall promptly return the construction deposit to said Owner upon receipt of the Owner's written request to do so. If said plans and specifications are approved, the entire construction deposit shall be held by the Association until construction of the improvement is completed in accordance with the approved plans as determined by the Board in its sole discretion. The Association shall release the construction deposit to the Owner, less any funds expended or reserved by the Association pursuant to this Section 7.12, within thirty (30) days of receipt of written notice from the Owner of completion of the improvement.

The Association may, without waiving any other remedy provided by this Declaration or by law, draw upon the construction deposit or withhold the release of the deposit as necessary to cover, among other things (i) the cost or anticipated cost to repair damage to the Common Areas caused by the Owner, his contractors, subcontractors, agents or employees, (ii) the cost or anticipated cost to perform the care, maintenance or repairs required to be performed by an

Owner pursuant to this Declaration and any rules promulgated thereunder, and (iii) the cost or anticipated cost to restore an Owner's Unit to a condition existing prior to the commencement of nonconforming work (including, without limitation, the demolition and removal of any unapproved or nonconforming improvement). If any part of the construction deposit is applied by the Association, the Owner shall, immediately upon demand, deposit with the Association a sum equal to the amount so applied in order to restore the construction deposit to its original amount.

Section 7.13 Enforcement. Any work performed in violation of this Article or the Design Guidelines shall be deemed nonconforming. Upon written request from the Board, the Declarant or the Committee, Owners shall, at their own cost and expense, cure such nonconforming work or remove such structure or improvement and restore the Unit to substantially the same condition as existed before the nonconforming work. Should an Owner fail to remove or restore as required hereunder, the Declaration, the Association or the designees of either of them, shall have the right to enter the Unit and remove or cure the violation, and such entry and abatement shall not be considered a trespass. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the nonconforming Unit and collected as a Specific Assessment pursuant to Section 6.6 hereof.

In the event that any Person fails to commence and diligently pursue to completion all approved work, the Declarant or the Association shall be authorized, after providing notice and an opportunity to cure to the Owner, to enter upon the Unit and remove or complete any incomplete work and to assess all costs incurred against the Unit and the Owner thereof as a Specific Assessment pursuant to Section 6.6 hereof.

In addition to the foregoing, the Association and the Declarant shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the Committee.

Section 7.14 Notice of Violation. To evidence any violation of the Governing Documents by any Owner, the Board may file, but is not required to file, in the Deed Records of Collin County, Texas, a notice of violation setting forth (i) the violation, (ii) the name of the Owner and Unit, and (iii) a sufficient legal description of the Unit. Such notice shall be signed and acknowledged by an officer or duly authorized agent or attorney of the Association. The cost of preparing and recording such notice may be assessed against the non-conforming Unit and collected as a Specific Assessment pursuant to Section 6.6 hereof.

Section 7.15 Notices . Any notice under this Article shall be deemed to have been given at the time the envelope containing such notice, properly addressed and postage prepaid, is deposited with the United States Postal Service, registered or certified mail, return receipt requested, or at the time it is delivered by facsimile transmission, with proof of receipt. For purposes of this Section 7.15, "properly addressed" shall mean, in the event the Association is delivering notice, addressed to the Person at his or her last known address as shown on the books and records of the Association. Personal delivery of such written notice shall also be sufficient and shall be deemed to have been given at the time of delivery. The date of receipt shall be the date of actual receipt of such notice if the notice is personally delivered or sent by facsimile transmission (provided that any facsimile transmission sent after 5:00 p.m. shall be deemed received on the next business day), or three (3) days after the postmark date, whichever is

sooner.

Section 7.16 Builder Performance. Neither the Association, the ACC, the Declarant, nor any affiliate of the Declarant, as hereinafter defined, are a co-venturer, partner, agent, employer, stockholder or affiliate of any kind of or with any Builder, nor is any Builder an agent of the Declarant or an affiliate of the Declarant. Therefore, the Association, the ACC, the Declarant and affiliates of Declarant shall not be responsible for, or guarantors of, performance by any Builder of all or any of its obligations to any Owner pursuant to any contracts for the sale or construction of a Residence or Unit or otherwise. Neither the Association, the ACC, or the Declarant nor any affiliates of the Declarant has made, or have made, any warranty or representation with respect to performance by any Builder under any contract or otherwise.

Such Owner acknowledges and agrees that neither the Association, the ACC, the Declarant nor any affiliate of the Declarant share any liability or obligation to Owner, related to or arising out of any contract with a Builder or otherwise, by reason of any failure by a Builder fully and adequately to perform its obligations to Owner. Owner further acknowledges and agrees that Owner has not, in entering into any contract with a Builder, relied upon any representations, oral or written, of the Association, the ACC, the Declarant or any affiliate of the Declarant or any salesperson.

ARTICLE VIII

PROTECTIVE COVENANTS

Section 8.1 General. The Community shall be used only for residential, recreational and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by Declarant to assist in the sale of any portion of the Community, offices for any property manager, or business offices for Declarant or the Association) consistent with the Governing Documents.

Section 8.2 Residents Bound. All provisions of the Governing Documents which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Residents, guests and invitees of any Unit. Every Owner shall cause all Residents of his or her Unit to comply with the Governing Documents. Every Owner shall be responsible for all violations and losses to the Common Areas caused by such Residents, notwithstanding the fact that such Residents of a Unit are fully liable and may be sanctioned for any such violation or loss.

Section 8.3 Business Use. No business, trade or similar activity may be conducted in or from any Unit, except that an Owner or Resident residing in a Unit may conduct business activities within the Unit so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Unit, (ii) the business activity conforms to all zoning requirements for the Community, (iii) the business activity does not noticeably increase the level of vehicular or pedestrian traffic or the number of vehicles parked in the Community, (iv) the business activity does not involve door-to-door solicitation of residents of the Community, and (v) the business activity is consistent with the residential character of the Community and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Community, as may be determined in

the sole discretion of the Board.

Garage sales, moving sales, rummage sales, or similar activities on any Unit shall not be permitted except upon such dates as the Board may establish from time to time. Any such sales shall be subject to such other restrictions as may be imposed by the Board from time to time.

The terms "business" and "trade" as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether (i) such activity is engaged in full or part time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

Notwithstanding the above, the leasing of a Unit shall not be considered a business or trade within the meaning of this Section 8.3. This Section 8.3 shall not apply to any activity conducted by Declarant or a Builder approved by Declarant with respect to its development and sale of the Community or its use of any Units which it owns within the Community.

Section 8.4 Single-Family Restrictions. No Unit shall be occupied by more than a single family. For purposes of this restriction, a single family shall be defined as any number of Persons related by blood, adoption or marriage living with not more than two Persons who are not so related as a single household unit, or no more than three Persons who are not so related living together as a single household unit, and the household employees of either such household unit; provided, however, that nothing herein shall be interpreted to restrict the ability of one or more adults meeting the definition of a single-family from residing with any number of Persons under the age of eighteen (18) over whom such Persons have legal authority.

Section 8.5 Signs. No sign or signs of any nature shall be displayed to the public view on any Unit or the Common Areas except that:

(a) Declarant may erect and maintain a sign or signs deemed by it to be reasonable and necessary for the construction, development, operation, promotion and sale of the Units.

(b) Any builder, during the construction and sale of multiple residents, may utilize one (1) professional model sign (of not more then twelve (12) square feet in size) on only one Unit which it owns for advertising and sales promotion.

(c) Thereafter, a digified professional "for sale" sign (of not more than six (6) square feet in size) may be utiltized on a Unit by the homeowner or Builder of that Unit for the sale of that Unit and its improvements.

(d) Two small, professionally fabricated signs indicating that the Unit is protected by a security system and monitored by a professional security company may be placed on a Unit.

(e) No more than two (2) political signs advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal may be erected on a Unit provided that such signs shall not be erected more than a reasonable period of time (in no

event to exceed sixty (60) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election).

(f) Personal signs indicating school affiliations, birth announcements and similar type signs may be erected on a Unit provided they are in compliance with the Design Guidelines.

(g) Contractors' signs used for advertising work performed on a Unit may be erected on such Unit provided that such signs shall not be erected more than ten (10) days prior to commencement of the work and are removed no later than ten (10) days following completion of the work.

The Board or its agents shall, without notice, have the right, but not the obligation, to remove any sign, billboard or other advertising structure that does not comply with the above, and in so doing shall not be subject to any liability for trespass or any other liability in connection with such removal. The Board shall have the right to erect signs as it deems appropriate. All signs are to be in compliance with the sign ordinance of the Municipality.

Section 8.6 View Impairments. No tree, shrub or plant of any kind on any Unit shall be allowed to overhang or otherwise encroach upon any street, sidewalk or any other pedestrian way from ground level to a height of seven (7) feet without the prior written approval and authorization of the Committee or in accordance with any ordinance of the Municipality prohibiting obstructions within its required visibility triangles.

Section 8.7 Aboveground Utilities. No gas, electric, power, telephone, water, sewer, cable television or other utility or service lines of any nature or kind shall be placed, allowed or maintained upon or above the ground, except to the extent, if any, underground placement thereof may be prohibited by law or would prevent the subject line from being functional. The foregoing shall not prohibit service pedestals and above ground switch cabinets and transformers where required.

Section 8.8 Outside Repairs. No repairs or washing of any detached machinery, equipment or fixtures, including, without limitation, motor vehicles, shall be made upon any portion of any Unit within view of neighboring property, Residences, pathways and streets except in designated areas, if any.

Section 8.9 Exterior Lighting. No exterior light shall be installed or maintained on any Unit which light is found to be objectionable by the Association. Upon being given notice by the Association that any exterior light is objectionable, the Owner of the Unit on which same is located will immediately remove said light or have it shielded in such a way that it is no longer objectionable. If the Owner fails to honor the request, the Association may remove the light at the Owner's sole cost and expense and without being liable for trespass.

Section 8.10 Mineral Operations. No oil drilling, water drilling or development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Unit, nor shall oil wells, water wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Unit. No derrick or other structure designed for use in boring for oil, natural gas or water shall be erected, maintained or permitted upon any Unit.

Section 8.11 Soil Erosion. Every Owner shall maintain his or her Unit so as to prevent any soil, dirt or debris from flowing, eroding or otherwise being deposited onto, or removed from, any adjacent property, street, alley or Common Areas. Each Owner shall be responsible for cleaning up any soil, dirt or debris that is deposited onto any adjacent property, street, alley or Common Areas and shall reimburse the Association or adjacent property owner for all costs incurred by them in cleaning up any such soil, dirt or debris.

Section 8.12 Accessory Buildings. One (1) accessory building may be allowed on each Unit, subject to the Committee's approval. An accessory building must be located on the same Unit as the main building and the use of an accessory building must be incidental to that of the main building on the Unit. All accessory buildings must be substantially the same color as the Residence, including, but not limited to, siding, brick and shingles.

Section 8.13 Subdivision and Time Sharing. No Unit shall be subdivided into two or more Units, nor shall two or more Units be combined into a single Unit, nor shall a Unit have its boundary lines changed after a subdivision plat including such Unit has been approved and recorded except with the prior written approval of the Board. Declarant, however, hereby expressly reserves the right to subdivide, change the boundary line of and replat any Unit(s) owned by Declarant. Notwithstanding the combination of two or more Units into a single Unit, the Owner of the combined Unit(s) shall be obligated to pay the Annual Assessment, any Service Area Assessment or any Special Assessment, based upon the number of Units originally comprising the Unit as shown on the original approved and recorded plat of the portion of the Community including such Units.

No Unit shall be made subject to any type of timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Unit rotates among members of the program on a fixed or floating time schedule over a period of years.

Section 8.14 Pools. No above-ground swimming pools shall be erected, constructed or installed on any Unit. Jacuzzis, whirlpools or spas approved pursuant to Article VII shall not be considered an above-ground pool for the purposes of this Section.

Section 8.15 Irrigation. No sprinkler or irrigation systems of any type which draw upon water from creeks, streams, rivers, ponds, lakes, wetlands or other surface water within the Community shall be installed, constructed or operated within the Community unless prior written approval has been received from the Board or its designee. However, the Declarant and the Association shall have the right to draw water from such sources for the purpose of irrigating the Area of Common Responsibility. All private wells shall be subject to approval in accordance with Article VII of this Declaration.

Section 8.16 Removal of Plants and Trees. No trees or shrubs, except for those which are diseased or dead or create a safety hazard, shall be removed except in strict compliance with the Design Guidelines and upon prior approval in accordance with Article VII of this Declaration. In the event of an intentional or unintentional violation of this Section 8.16, the violator may be required by the Committee to replace the removed tree with one or more comparable trees of such size and number and in such locations as the Committee may determine necessary, in its sole discretion, to mitigate the damage.

Section 8.17 Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Unit unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Committee pursuant to Article VII hereof. No windmills, wind generators or other apparatus for generating power from the wind shall be erected or installed on any Unit.

Section 8.18 Leasing of Units. "Leasing", for purposes of this Declaration, is defined as regular, exclusive occupancy of a Unit by any Person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity or emolument. Units may be leased only in their entirety. No fraction or portion may be leased. There shall be no subleasing of Units or assignment of leases unless prior written approval is obtained from the Board. No transient tenants may be accommodated in a Unit. All leases shall be in writing and shall be for an initial term of no less than six (6) months, except with the prior written consent of the Board. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Owner within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Governing Documents. The Board may adopt reasonable rules regulating leasing and subleasing.

ARTICLE IX

INSURANCE

Section 9.1. Association Insurance. The Association shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(a) Blanket "all-risk" property insurance for all insurable improvements on the Common Areas and on other portions of the Area of Common Responsibility to the extent that the Association has been assigned maintenance responsibility under this Declaration or under a Supplementary Declaration or has assumed responsibility for maintenance thereof in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then at a minimum an insurance policy providing fire and extended coverage, including coverage for vandalism and malicious mischief shall be obtained. The face amount of such insurance shall be sufficient to cover the full replacement cost of the insured property under current building codes and ordinances;

(b) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents or contractors while acting on its behalf. If generally available at reasonable cost, such policy shall have a limit of at least $1,000,000.00 per occurrence with respect to bodily injury, personal injury and property damage;

(c) Workers' compensation insurance and employers liability insurance, if and to the extent required by law;

(d) Directors and officers liability coverage;

(e) Such additional insurance as the Board, in its business judgment, determines advisable.

The insurance coverage under this Section 9.1 shall be written in the name of, and the proceeds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses included in the Assessments made by the Association, except premiums for insurance on Limited Common Areas may be included in the Service Area Expenses of the Service Area(s) to which such Limited Common Areas are assigned unless the Board reasonably determines that other treatment of the premiums is more appropriate.

Section 9.2 Individual Insurance. By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners that each Owner shall carry blanket "all-risk" property insurance on its Unit(s) and structures constructed thereon providing full replacement cost coverage (less a reasonable deductible), unless the Association assumes the responsibility for or is required to carry such insurance under this Declaration or a Supplementary Declaration. If the Association assumes or carries responsibility for obtaining any insurance coverage on Units or Residences within, or Limited Common Areas assigned to, a particular Service Area, the premiums for such insurance shall be a Service Area Expense levied as part of a Service Area Assessment against the Owners within such Service Area. The Association shall have no obligation to verify or insure that an Owner is in compliance with this Section 9.2. Each Owner is responsible for insuring his or her personal property and property not insured by the Association.

A Condominium Association shall be responsible for providing insurance in the same manner as if the Condominium Association was an Owner and the common elements of the condominium regime were a Unit. The recorded covenants applicable to such condominium may establish more stringent requirements for insurance and repairs in the event of damage or destruction of improvements than that required by this Declaration.

Section 9.3 Liability Insurance. The Board may, but shall not be obligated to, require an Owner or Builder to obtain a comprehensive general liability policy prior to the commencement of construction or modification of any improvement for which plans and specifications must be submitted to the Committee for approval under this Declaration. Such policy, if required, shall have a combined single limit of not less than One Million Dollars ($1,000,000.00) covering all losses, damages and claims arising out of the original contractor's or Builder's use of, activities on and/or ownership of the Unit, including property damage, bodily injury and death. Such policy, if required, shall also name the original contractor or Builder, as applicable, as the insured party and the Association as an additional insured. In addition, the original contractor or Builder shall obtain, if required by the Board, worker's compensation insurance, if and to the extent required by law; employer's liability insurance; automobile liability insurance covering all motor vehicles owned, hired or used in connection with the original contractor's or Builder's construction activities in the Community; and builder's risk insurance covering the original contractor's or Builder's activities in the Community, all in such amounts as are reasonable to the Association.

A certificate evidencing insurance required to be maintained pursuant to this Section 9.3 shall be provided to the Association prior to the commencement of any construction or modification of an improvement on a Unit, and such insurance shall be maintained in effect so long as the original contractor and/or Builder is engaging in any construction on any Unit within the Community.

Section 9.4. Damage or Destruction.

(a) Common Areas. In the event of damage to or destruction of any part of the improvements to the Common Areas or other property insured by the Association, the Association shall repair or replace the same from the insurance proceeds available unless Members representing at least seventy-five percent (75%) of the total Class "A" votes in the Association, and the Class "B" Members, if any, decide within sixty (60) days after the loss not to repair or reconstruct. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Special Assessment against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other Assessments made against such Owner. If it is determined in the manner described above that the damage or destruction to the Common Areas shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive landscaped condition consistent with the Community-Wide Standard.

(b) Destruction of Building. In the event that any building constructed on a Unit has burned and is thereafter abandoned for at least thirty (30) days, the owner of the Unit shall cause the burned building to be removed and the Unit cleared, the expense of such removal and clearing to be paid by the Owner. In the event the Owner does not comply with this provision, then the Association may, after ten (10) days written notice to the Owner, cause such burned building to be removed and the Unit cleared and charge the cost thereof to the Owner. In such event, the Association shall not be liable in trespass or for damages, expenses, costs or otherwise to the Owner for such removal and clearing. The Association shall have no obligation to procure insurance to protect against fire or other casualty to any of the Residences and each Owner is encouraged to procure and maintain such insurance coverage as is deemed prudent or desirable by such Owner.

ARTICLE X

NO PARTITION

Except as permitted in this Declaration, the Common Areas shall remain undivided, and no Person shall bring any action seeking judicial partition without the written consent of all Owners and Mortgagees. This Article shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

ARTICLE XI

CONDEMNATION

Section 11.1 Condemnation. If any part of the Common Areas shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least sixty-seven percent (67%) of the total Class "A" votes in the Association and of the Class "B" Members, as long as any Class "B" Member owns any property described on Exhibit "A" or Exhibit "B") by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as set forth in this Article.

Section 11.2 Disbursement. If the taking involves a portion of the Common Areas on which improvements have been constructed, then the Association shall restore or replace such improvements on the remaining land included in the Common Areas to the extent available, unless within sixty (60) days after such taking, the Class "B" Members, so long as any Class "B" Member owns any property described in Exhibit "A" or Exhibit "B" of this Declaration, and Members representing at least sixty-seven percent (67%) of the total Class "A" vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions in Article IX hereof regarding the disbursement of funds for the repair of casualty damage or destruction shall apply.

If the taking or conveyance does not involve any improvements on the Common Areas or a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

ARTICLE XII

COMMON AREAS

Section 12.1 Easements of Enjoyment. Subject to the provisions of Section 12.3 hereof, every member of the Association shall have a right and easement of enjoyment in and to the Common Areas.

Section 12.2 Title to Common Areas. Declarant shall convey ownership of any Common Areas which it owns to the Association which shall be responsible for their operation and maintenance.

Section 12.3. Extent of Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to prescribe rules and regulations for the use, enjoyment and maintenance of the Common Areas, and imposing fines for infractions of such regulations;

(b) The right of the Association to sell and convey the Common Areas, or any part thereof;

(c) The right of the Association to borrow money for the purpose of improving the Common Areas, or any part thereof, and to mortgage the Common Areas, or any part thereof, as security for money borrowed or debts incurred;

(d) The right of the Association to take such steps as are reasonably necessary to protect the Common Areas, or any part thereof, against foreclosure;

(e) Subject to the provisions of Section 4.4 hereof regarding notice and an opportunity to cure, the right of the Association to suspend the voting rights of any Member and to suspend the right of any Owner or Resident to use or enjoy any of the Common Areas for any period during which any Assessment against such Owner's Unit remains unpaid, or during which non-compliance with the Governing Documents exists, and otherwise for any period deemed reasonable by the Association for an infraction of the Governing Documents;

(f) The right of the Association to grant easements as to the Common Areas or any part thereof as provided in the Governing Documents;

(g) The rights of certain Owners to the exclusive use of those portions of the Common Areas designated "Limited Common Areas", as more particularly described in Section 12.03 hereof; and

(h) The right of the Association to otherwise deal with the Common Areas as provided by the Governing Documents;

(i) The right of the Association to enter into agreements with neighboring landowners or municipalities for the maintenance of streets, roadways, medians, landscaping and entryways located either within or outside the Community; and

(j) The Governing Documents and any other applicable covenants, as they may be amended from time to time, and subject to any restrictions or limitations contained in any deed conveying such property to the Association.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees and social invitees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessees of such Unit. No lessee shall be permitted to exercise his or her right to the use and enjoyment of the recreational facilities of the Association until and unless the Association receives notice of the lease and such additional information as the Board may require from time to time.

Section 12.4 Limited Common Area. Certain portions of the Common Areas may be designated as Limited Common Area and reserved for the exclusive use or primary benefit of Owners within a particular Service Area or Service Areas. By way of illustration and not limitation, a Limited Common Area may include entry features, fountains, landscaped medians

and cul-de-sacs, ponds and other portions of the Common Areas within a particular Service Area or Service Areas. All costs associated with maintenance, repair, replacement and insurance of a Limited Common Area shall be assessed as a Service Area Assessment against the Owners of Units in those Service Areas to which the Limited Common Areas are assigned.

Section 12.5 Designation of Limited Common Area. Initially, any Limited Common Area shall be designated as such and the exclusive use thereof shall be assigned in the deed by which the Declarant conveys the Common Areas to the Association or on the subdivision plat relating to such Common Areas or on such other recorded instrument deemed appropriate by the Declarant; provided, any such assignment shall not preclude the Declarant from later assigning the use of the same Limited Common Area to additional Units and/or Service Areas, so long as the Declarant has a right to subject additional property to this Declaration pursuant to Section 2.1 hereof.

A portion of the Common Areas may be assigned as Limited Common Area and Limited Common Area may be reassigned, upon the approval of the Board and the vote of Members representing a majority of the total Class "A" votes in the Association, including a majority of the Class "A" votes within the Service Area(s) affected by such assignment and/or reassignment. As long as the Declarant owns any property described on Exhibit "A" or Exhibit "B" for development and/or sale, any such assignment or reassignment shall also require the written consent of the Declarant.

Section 12.6 Use by Others. The Association may, upon majority vote of the Class "A" members for the Service Area(s) to which Limited Common Areas are assigned, permit Owners of Units in other Service Areas to use all or portions of such Limited Common Areas and may require the payment of reasonable user fees and administrative fees, which fees shall be used to offset the Service Area Expenses attributable to such Limited Common Areas.

ARTICLE XIII

EASEMENTS

Section 13.1. Utility Easements. The easements designated as utility easements on the plat for the Community are reserved for the mutual use and accommodation of all public utilities desiring to use same. Any public utility shall have the right to remove and keep off all or part of any buildings, fences, trees, shrubs or other improvements or growths which in any way endanger or interfere with the construction, maintenance or efficiency of its respective system on any of the easement strips, and any public utility shall, at all times, have the right of egress and ingress to and from and upon such easement strips for the purpose of constructing, reconstructing, inspecting, patrolling, maintaining and adding to or removing all or any part of its respective system without the necessity at any time of procuring the permission of anyone.

Section 13.2. Fence/Retaining Wall Easements. The Owner of each Unit (including Declarant, so long as Declarant is the Owner of any Unit) is hereby granted an easement not to exceed twelve (12) inches in width over all adjoining Units for the purpose of accommodating any encroachment or protrusion due to engineering errors, errors in original construction, surveying, settlement or shifting of any fence or retaining wall. There shall be easements for the maintenance of said encroachment, protrusion, settling or shifting; provided, however, that in no

event shall an easement for encroachment or protrusion be created in favor of any Owner or Owners if said encroachment or protrusion occurred due to wilful misconduct of said Owner or Owners. Each of the easements hereinafter referred to shall be deemed to be established upon the recordation of this Declaration and shall be appurtenant to each affected Unit and shall pass with each conveyance of said Unit.

Section 13.3 Easements to Serve Additional Property. Declarant and its duly authorized agents, representatives and employees, as well as its successors, assigns, licensees and mortgagees, shall have and hereby reserve an easement over the Common Areas for the purposes of enjoyment, use, access and development of the additional property described in Exhibit "B" attached hereto and incorporated herein, whether or not such additional property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Areas for construction of roads and for connecting and installing utilities on the additional property. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Areas as a result of vehicular traffic connected with development of the additional property. Declarant further agrees that if the easement is exercised for permanent access to the additional property and such additional property or any portion thereof is not made subject to this Declaration, Declarant, its successors or assigns, shall enter into a reasonable agreement with the Association to share the cost of maintenance of any access roadway serving the additional property.

Section 13.4 Right of Entry. The Association shall have the right, but not the obligation, to enter upon any Unit for emergency, security and safety reasons, to perform maintenance pursuant to Article V hereof, and to inspect for the purpose of ensuring compliance with the Governing Documents. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon a Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board, but shall not authorize entry into any Residence without permission of the Owner except by emergency personnel acting in their official capacities. The easement granted hereunder shall not create an obligation or duty on the part of Declarant or the Association to provide for the safety or security within the Community.

Section 13.5 Public Easement. There is hereby reserved to the benefit of Declarant, the Association and their designees, a perpetual, non-exclusive right and easement of public ingress and egress over any public bicycle and pedestrian pathways and trails. This easement shall not imply any right of public use of the Common Areas or improvements thereon.

Section 13.6 Easement for Screening Walls. Declarant does hereby perpetually dedicate, establish, create and set aside a non-exclusive ten foot (10') wide easement over, across and upon the Community, such easement to be five feet (5') on either side of the entry features, monuments and screening/retaining walls. Such easements are reserved for the exclusive benefit of Declarant and the Association, and the designees of each (which may include, without limitation, the Municipality and any utility) for the construction, maintenance and repair of entry features, monuments and screening/retaining walls. Owners shall not alter, paint, attach fences to or otherwise use such walls even though certain of such walls and/or the easement reserved herein may be located on such Owner's Unit.

Section 13.7 Technology Utility Easements. So long as Declarant owns any property described on Exhibit "A" or "B", Declarant reserves exclusive easements in or adjacent to the public rights-of-way throughout the Community, on behalf of itself, and its nominees, successors, and assigns, for installing, operating, maintaining, repairing, and replacing telephone, cable television, telecommunications, security, the Association Net, and other systems for sending and receiving data and/or other electronic signals ("Technology Utlities"), serving the Community. Declarant may grant or convey these easements to third parties. Declarant also reserves for itself the exclusive right and power to enter into contracts for the construction, installation and provision of Technology Utilities and may grant exclusive rights to access or use Technology Utilities.

Declarant may require that the Board enter into a bulk rate service agreement for the provision of Technology Utilities services to all units as a Common Expense or Units within a particular Service Area as a Service Area Expense. If particular services or benfits are provided to particular Owners or Units at their request, the benefited Owner(s) shall pay the service provider directly for such services, or the Association may assess the costs as a Specific Assessment.

Section 13.8 Easement of Support. Every portion of a Unit contributing to the support of an/abutting Unit shall be burdened with an easement of support for the benefit of such abutting Unit.

Section 13.9 Easement for Maintenance of Adjoining Units. There shall be and is hereby imposed on each Unit an easement for reasonable ingress and egress by or on behalf of the Owner of any adjoining unit for the purpose of repair, maintenance or replacement of improvements on such adjoining owner's Unit. Such easement shall be exercised only during reasonable hours and after reasonable notice to the Owner or Residents of the Unit upon which entry is to be made.

ARTICLE XIV
MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

Section 14.1 Notices of Action . An institutional holder, insurer or guarantor of a first Mortgage who provides a written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the Unit address, therefore becoming an "Eligible Holder") will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Unit on which there is a first Mortgage held, insured or guaranteed by such Eligible Holder;

(b) any delinquency in the payment of Assessments or charges owed by an Owner of a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has

continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a First Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by the Owner of the encumbered Unit of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;

(c) any lapse, cancellation or material modification of any insurance policy maintained by the Association; or

(d) any proposed action which would require the consent of a specified percentage of Eligible Holders.

Section 14.2 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Areas.

Section 14.3 Notice to Association. Upon request, each Unit Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

Section 14.4 Special FHLMC Provision. If a condominium is created within any portion of the Community, and so long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least sixty-seven percent (67%) of the first Mortgagees or Owners representing at least sixty-seven percent (67%) of the total votes in the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the real property comprising the Common Areas which the Association owns, directly or indirectly [the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Areas shall not be deemed a transfer within the meaning of this Section 14.4(a)];

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner of a Unit;

(c) By act or omission change, waive or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Units and the Common Areas (the issuance and amendment of architectural standards, procedures, rules and regulations or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this provision);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Areas losses for other than the repair, replacement or reconstruction of such property.

First Mortgagees may, jointly or singularly, pay taxes or other charges which are in default and which may or have become a charge against the Common Areas and may pay

overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and First Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 14.5 Other Provisions for First Mortgagees. To the extent possible under Texas law:

(a) Any restoration or repair of the Community after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of first Mortgages on Units to which more than fifty percent (50%) of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Units to which more than fifty percent (50%) of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

Section 14.6 Amendments to Documents. The following provisions do not apply to amendments to the constituent documents or termination of the Association made as a result of destruction, damage or condemnation pursuant to Sections 14.5(a) and (b) of this Article or to the addition of land in accordance with Article II.

(a) The consent of Members representing at least sixty-seven percent (67%) of the total votes in the Association and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to a Mortgage appertain shall be required to terminate the Association.

(b) The consent of Members representing at least sixty-seven percent (67%) of the total votes in the Association and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of Eligible Holders of first Mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to a Mortgage appertain shall be required to materially amend any provisions of the Declaration, Bylaws or Articles of Incorporation or to add any material provisions thereto which establish, provide for, modify, govern or regulate any of the following:

(i) voting;

(ii) assessments, assessment liens or subordination of such liens;

(iii) reserves for maintenance, repair and replacement of the Common Areas;

(iv) insurance or fidelity bonds;

(v) rights to use the Common Areas;

(vi) responsibility for maintenance and repair of Frisco Square;

(vii) expansion or contraction of Frisco Square or the addition, annexation or withdrawal of properties to or from the Association;

(viii) boundaries of any Unit;

(ix) leasing of Units;

(x) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer or otherwise convey his or her Unit;

(xi) establishment of self-management by the Association where professional management has been required by an Eligible Holder; or

(xii) any provisions included in the Declaration, Bylaws or Articles of Incorporation which are for the express benefit of holders, guarantors or insurers of first Mortgages on Units.

Section 14.7 Amendments by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 14.8 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request; provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE XV

ADDITIONAL RIGHTS RESERVED TO DECLARANT

Section 15.1 Assignment. Any or all of the special rights and obligations of the Declarant set forth in the Governing Documents may be transferred to other Persons; provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in the Governing Documents. Furthermore, no such transfer shall be effective unless it is in a written instrument signed by the Declarant whose rights are being transferred and duly recorded in the County Clerk Official Records of Collin County, Texas. Nothing in this Declaration shall be construed to require the Declarant or any successor to develop any of the property set forth in Exhibit "B" in any manner whatsoever.

Section 15.2 Marketing and Sales Activities. Declarant and Builder(s) authorized by Declarant may construct and maintain and carry on upon portions of the Common Areas, or upon

Units owned by Declarant or such Builder, such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient or incidental to the construction or sale of such Units, including, but not limited to, business offices, signs, sales offices and model Units. Declarant and authorized Builder(s) shall have easements for access to and use of such facilities.

Section 15.3 Use of Name of Development. No Person shall use the name "Frisco Square" or any derivative of such name in any printed or promotional material without the Declarant's prior written consent. However, Owners within Frisco Square may use the name "Frisco Square" in printed or promotional material where such term is used solely to specify that particular property is located within Frisco Square, and the Commercial Association shall be entitled to use the words "Frisco Square" in its name and the Association shall be entitled to use the words " Frisco Square " in its name.

Section 15.4 Enforcement Rights. Declarant, for so long as it owns property described in Exhibit "A" or "B" or property within Frisco Square Town Center, and Frisco Square, Ltd., as the developer of Frisco Square Town Center, may enforce all of the provisions of the Governing Documents to the same extent and in the same manner as the Association. In the event that neither the Association or the Owner cures a violation and Declarant incurs expenses to correct or enforce such violation, Declarant shall be entitled to recover from the Association all costs expended in curing or enforcing the violation, including, without limitation, reasonable attorney's fees and costs. The Association shall promptly reimburse Declarant for all such costs and such amounts shall be assessed as a Specific Assessment levied against the Unit of the Owner violating the Governing Documents in accordance with Section 6.6 hereof. Owner shall have no action in trespass or for damages for any action taken under this Section 15.4.

Section 15.5 Termination of Rights. The rights contained in this Article shall not terminate until the earlier of (i) thirty (30) years from the date this Declaration is recorded, or (ii) upon recording by the Declarant of a written statement that all sales activity has ceased.

ARTICLE XVI

MISCELLANEOUS PROVISIONS

Section 16.1 Duration. This Declaration and the covenants, restrictions, charges and liens set out herein shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, and every Owner of any part of Frisco Square, including Declarant, and their respective legal representatives, heirs, successors and assigns, for a term beginning on the date this Declaration is recorded and continuing in perpetuity unless an instrument in writing, signed by 75% of the then Owners, and by the Declarant, has been recorded, agreeing to terminate said covenants and restrictions, in which case this Declaration shall be terminated as specified therein.

Section 16.2. Amendment.

(a) By the Declarant. In addition to the specific amendment rights granted elsewhere in this Declaration, the Declarant may, during the Declarant Control Period, unilaterally amend this Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary to (i) bring any provision into compliance with any applicable

governmental statute, rule, regulation or judicial determination; (ii) enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) 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 Units; or (iv) satisfy the requirements of any local, state or federal governmental agency. In addition, after termination of the Class "B" membership, so long as Declarant owns property described in Exhibit "A" or Exhibit "B" for development as part of the Community, Declarant may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon a right granted to more than two percent (2%) of the Owners under this Declaration without such Owners' written consent.

(b) By the Class "A" Members. Except as provided above and otherwise specifically provided in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing at least fifty-one percent (51%) of the total Class "A" votes in the Association and the consent of the Declarant, so long as the Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 2.1. The Bylaws are attached to this Declaration for informational purposes only and may be amended as provided therein. The Initial Rules are attached to this Declaration for informational purposes and may be amended by the Board from time to time.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. To be effective, any amendment must be recorded in the County Clerk Official Records of Collin County, Texas. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted.

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or such Class "B" Member, respectively (or the assignee of such right or privilege).

Section 16.3. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses or phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.

Section 16.4. Notice. Wherever written notice to a member (or members) is permitted

or required hereunder, such shall be given by the mailing of such to the member at the address of such member appearing on the records of the Association, unless such member has given written notice to the Association of a different address, in which event such notice shall be sent to the member at the address so designated. In such event, such notice shall conclusively be deemed to have been given by the Association by placing same in the United States mail, properly addressed, whether or not received by the addressee.

Section 16.5. Titles. The titles, headings and captions which have been used throughout this Declaration are for convenience only and are not be used in construing this Declaration or any part thereof.

Section 16.6 Conflict. Any other recorded instruments affecting title to any portion of the Community may contain provisions which are more restrictive than the provisions of this Declaration, and in such case, the more restrictive provisions shall control. The Association shall have the standing and authority to enforce all such restrictions. No person shall record in the Collin County Deed Records any additional covenants, conditions or restrictions affecting any portion of the Community without Declarant's written consent, so long as Declarant owns any property described in Exhibit "A" or "B" or any property within the Frisco Square Town Center. Any recorded instrument without the required consent is void and of no force and effect.

Section 16.7 Notice of Sale or Transfer of Title. Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least 14 days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. Each owner shall pay to the Association a transfer fee to defray the administrative cost to the Association of such transfer in an amount to be determined by the Board from time to time. The Person transferring title shall be jointly and severally responsible with the Person to whom title is transferred for all obligations of the Owner of the Unit, including Assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

Section 16.8 Dispute Resolution. Prior to filing a lawsuit against the Declarant, the Association, the Board, or any officer, director or manager of the Declarant or the Association, the Owner or Resident must first request and attend a hearing with the Board. Any such request shall be in writing and shall be personally delivered to any member of the Board or the Resident shall, in such request and at the hearing, make a good faith effort to explain the grievance to the Board and resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner's or Resident's grievance before filing suit. Upon receiving a request for a hearing, the Board shall give notice of the date, time and place of the hearing to the Person requesting the hearing. The Board shall schedule this hearing for a date not less than ten (10) days from the date of receipt of the request.

EXECUTED as of the day and year first above written.

FRISCO SQUARE, LTD., a Texas limited partnership

By: FIVE STAR DEVELOPMENT CO., INC., a Texas corporation
Its: General Partner

By: Cole McDowell

Its: AUTHORIZED AGENT

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 25th day of April, 2005, by Cole McDowell, President of Five Star Development Co, Inc., general partner of FRISCO SQUARE, LTD., a Texas limited partnership, on behalf of said partnership.

JULIE WAKEFIELD
Notary Public, State of Texas
My Commission Expires
JULY 2, 2007

Julie Wakefield
Notary Public, State of Texas

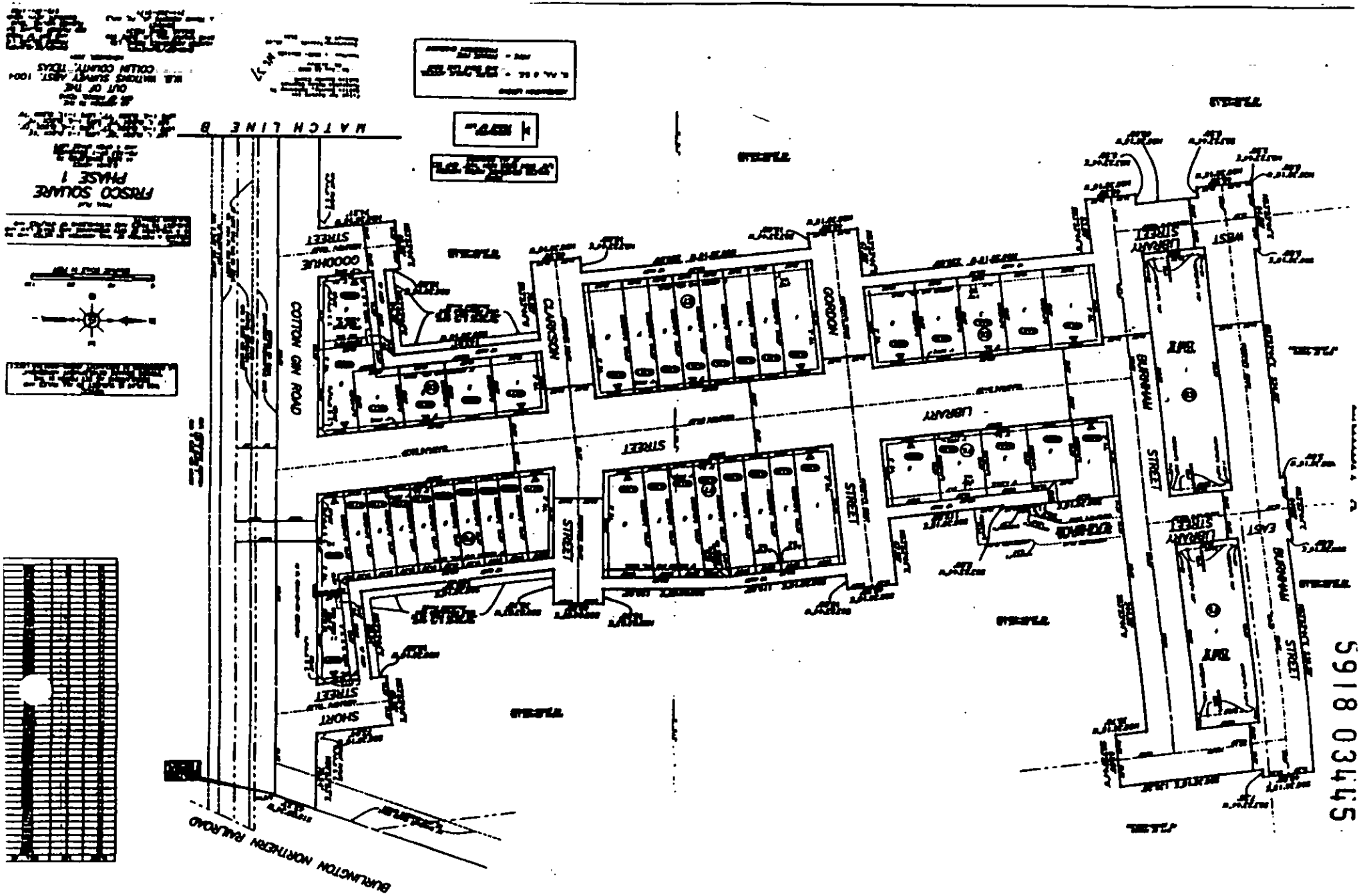
COTTON GIN ROAD
COOKHILL STREET
CLAWSON STREET
COOKHILL STREET
LIBRARY STREET
SHORT STREET
BURLINGTON NORTHERN RAILROAD
BURNHAM STREET
WEST LIBRARY STREET
EAST LIBRARY STREET
LIFT
LIFT

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EXHIBIT "B"

Land Subject to Annexation

The land subject to annexation is all land within ½ mile of the land shown on Exhibit "A".

EXHIBIT "C"

Initial Rules

The following restrictions applicable to property within the Community shall remain in effect until such time as they are amended, modified, repealed, or limited by rules of the Association adopted pursuant to Article V of the Declaration.

1. General. The Community shall be used only for residential, recreational, and related purposes and for home business use consistent with this Declaration.

2. Restricted Activities. The following activities are prohibited within the Community unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

(a) Undertaking any action, work, construction, or improvement that will likely impair the structural soundness or integrity of another Unit or impair any easement;

(b) Installing any window air conditioning units in any Unit;

(c) No Owner or occupant may keep or bring onto the Community more than two vehicles per Unit at any time; provided, however, this provision shall not prohibit an Owner or occupant from having guests or service vehicles park during daylight hours on the paved driveway on each Unit which are hereby designated as "guest parking only." The overnight parking of any vehicle of an Owner or occupant of a Unit anywhere within the Community except in an enclosed garage is prohibited. Overnight parking of any vehicle of a guest of an Owner or occupant of an Unit is permitted while visiting the occupants of a Unit. In addition, parking of any commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft and trailers is also prohibited. Construction, service and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit.

If any vehicle is parked on any portion of the Community in violation of the Association's rules and regulations, the Board may place a notice on the vehicle specifying the nature of the violation and stating that after 24 hours the vehicle may be towed. The notice shall include the name and telephone number of the person or entity which will do the towing and the name and telephone number of a person to contact regarding the alleged violation. If 24 hours after such notice is placed on the vehicle the violation continues or thereafter occurs again within six months of such notice, the vehicle may be towed in accordance with the notice, without further notice to the Owner or user of the vehicle.

If a vehicle is parked anywhere other than in the Unit's garage, is blocking another vehicle, is obstructing the flow of traffic, or otherwise creates a hazardous condition, no notice shall be required and the vehicle may be towed immediately. If a vehicle is towed in accordance with this subparagraph, neither the Association nor any officer or agent of the Association shall be liable to any person for any claim of damage as a result of the towing activity. Notwithstanding anything to the contrary herein, the

Board of Directors may elect to impose fines or use other available sanctions, rather than exercise its authority to tow.

(d) Raising, breeding, or keeping animals, reptiles, livestock, poultry, or other non-human living creatures, except that a total of two dogs or cats, and a reasonable number of birds, fish, or other usual and common household pets may be kept in a Unit; however, those pets which are permitted to roam free, or, in the sole discretion of the Board make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet. At all times when pets are outside a Unit, they must be kept on a leash or otherwise contained so as to be under the complete physical control of a responsible person. Pets shall be registered, licensed and inoculated as required by law;

(e) Any activity which emits foul or obnoxious odors outside the Unit or creates noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Units;

(f) Any activity which violates local, state or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(g) Pursuit of hobbies or other activities which tend to cause an unclean, unhealthy or untidy condition to exist outside of enclosed structures on the Unit;

(h) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;

(i) Outside burning of trash, leaves, debris or other;

(j) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes;

(k) Use and discharge of firecrackers and other fireworks;

(l) Dumping petroleum products, fertilizers, or other potentially hazardous or toxic substances within the Community;

(m) Accumulation of rubbish, trash, or garbage within a Unit. No trash, rubbish or garbage shall be placed outside of a Unit or permitted to accumulate on the Common Area except during designated times in designated locations within the Community and in receptacles approved by the Board;

(n) Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(o) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size;

(p) On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Unit for emergency;

(q) Capturing, trapping, or killing of wildlife within the Community, except in circumstances posing an imminent threat to the safety of persons;

(r) Any activities which materially disturb or destroy the vegetation or air quality within the Community or which result in unreasonable levels of sound or light pollution;

(s) Conversion of the garage to finished space for any use including converting them for use as an apartment, an integral part of the living area of the Residence or for housing any pets;

(t) Use of the garage for any purpose other than parking vehicles or leaving garage door open except when entering or exiting the garage;

(u) Blinds, shades, screens, decorative panels, shutters or other window treatments or coverings attached to, hung, or used in connection with any window or door in a Unit visible from outside of the Unit shall be of the type and quality normally used in residences located in single-family residential neighborhoods and shall be kept in a neat and orderly manner. Any type of reflective film or coating of any window, glass door, or glazed surface of any structure visible from outside the Unit is prohibited;

(v) Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IV of the Declaration. This shall include, without limitation, signs displays or other banners; freestanding flagpoles; provided, flags may be displayed using a bracket or other approved device mounted to the Residence so long as the size of the flag displayed does not exceed that of a standard United States flag (as determined in the Board's discretion and as may be set forth in a Board rule); basketball hoops, swing sets and similar sports and play equipment; clotheslines; garbage cans; woodpiles; above-ground swimming pools, jacuzzis, hot tubs, or spas; hedges, walls, animal pens, or fences of any kind; satellite dishes and antennas, except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter;

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television broadcast signals

(collectively, "Permitted Antennas") shall be permitted on Units, subject to such reasonable requirements as to location and screening as may be required by the Reviewer, consistent with applicable law, in order to minimize obtrusiveness as viewed from streets and adjacent property; and

(w) Washing any vehicle within the Community except in designated areas, if any.

3. Prohibited Conditions. The following shall be prohibited at within the Community:

(a) Plants, animals, devices or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community;

(b) Structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated or otherwise fallen into disrepair;

(c) Sprinkler or irrigation systems or wells of any type, except that Declarant and the Association shall have the right to draw water from such sources;

(d) Exterior lighting on any Unit which allows excessive light to be directed or reflected on the Common Area, other Units, or any part of the Frisco Square Town Center except as may be permitted by the Reviewer in accordance with Article IV of the Declaration;

(e) The storage of garbage, trash, refuse piles, or unsightly objects except in containers and in areas approved by the Association;

(f) Laundry drying facilities including, but not limited to, clothes lines, outside of any improvement constructed on a Unit. In addition, the use of railings or any other part of the exterior of the Unit for drying or storing of clothes or other articles is prohibited; and

(g) Any thing or condition which will result in the cancellation, or increase in premium, or reduction in coverage of insurance maintained by the Association or which would be in violation or any law or other applicable requirement of governmental authorities.