

I. ARTICLES OF INCORPORATION

ARTICLES OF INCORPORATION

OF

HIGHLAND SHORES OWNERS ASSOCIATION, INC.

We, the undersigned natural persons, at least two (2) of whom are citizens of the State of Texas, and who are of the age of eighteen (18) years or more, acting as incorporators of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE I

The name of the corporation is Highland Shores Owners Association, Inc.

ARTICLE II

The Corporation is a non-profit corporation.

ARTICLE III

The period of its duration is perpetual.

ARTICLE IV

The purpose or purposes for which the Corporation is organized are to act as agent for the property owners of Highland Shores, a development in the City of Highland Village, Denton County, Texas, established pursuant to that certain Declaration of Covenants, Conditions and Restrictions dated January 25, 1984, filed for record in Volume 1330, Page 46 et seq. of the Deed Records of Denton County, Texas (the "Declaration") and for any and all other property which is accepted by this Corporation for similar purposes, those purposes being as follows:

a. To exercise all of the power and privileges and perform all of the duties and obligations of the corporation as set forth in the Declaration;

b. To affix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; and, as agent, pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of this corporation including all licenses, taxes or governmental charges levied or

imposed against the property of this corporation and to make disbursements, expenditures and payments on behalf of the said property owners as required by the Declaration and the By-Laws of the corporation; and to hold as agent for said property owners reserves for periodic repairs and capital improvements to be made as directed by the property owners acting through the Board of Directors of the corporation;

c. To acquire by gift, purchase or otherwise, to own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or to otherwise dispose of real or personal property in connection with the affairs of this corporation subject to the limitations set forth in the Declaration;

d. To borrow money, to mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject to the limitations set forth in the Declaration;

e. To provide general sanitation and cleanliness of Common Areas;

f. To provide upkeep and maintenance of Common Areas and of building exteriors as provided in the Declaration;

g. To enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of the Association in accordance with the Declaration;

h. To have and to exercise any and all powers, rights and privileges a corporation organized under the Non-Profit Corporation Law of the State of Texas, may now or hereafter exercise.

ARTICLE V

The street address of the initial registered office of the Corporation is 2300 One Main Place, Dallas; Dallas County, Texas 75250 and the name of the initial registered agent at such address is Fairfield P. Day, Jr.

ARTICLE VI

The number of directors constituting the initial board of directors is three (3), and the names and addresses of the persons who are to serve as the initial Board of Directors are:

<u>NAME</u>	<u>ADDRESS</u>
Robert Keith Thomas	340 Oak Forest Dr. Highland Village, Texas 75067
Douglas S. Bryan	1200 One Main Place Dallas, Texas 75250 Attention: Ed Walts
Frank Valeri	1200 One Main Place Dallas, Texas 75250 Attention: Ed Walts

ARTICLE VII

The name and address of the incorporators are:

<u>NAME</u>	<u>ADDRESS</u>
Fairfield P. Day, Jr.	P. O. Box 900 Dallas, Texas 75221
Robert Keith Thomas	340 Oak Forest Drive Highland Village, Texas 75067
W. Edward Walts II	1200 One Main Place Dallas, Texas 75250

ARTICLE VIII

The corporation is a non-profit corporation, without capital stock, organized solely for the purposes specified in Article IV; and no part of its property, whether income or principal, shall ever inure to the benefit of any Director, officer or employee of the corporation, or of any individual having a personal or private interest in the activities of the corporation nor shall any such Director, officer, employee or individual receive or be lawfully entitled to receive any profit from the operations of the corporation except a reasonable allowance for salaries or other compensation for personal services actually rendered in carrying out one (1) or more of its stated purposes.

ARTICLE IX

Membership in Corporation shall be determined as set forth in the Bylaws of the Corporation from time to time.

IN WITNESS WHEREOF, we have hereunto set our hands
this 2nd day of February, 1984.

Fairfield P. Day, Jr.
Fairfield P. Day, Jr.

Robert Keith Thomas
Robert Keith Thomas

W. Edward Walts II
W. Edward Walts II

THE STATE OF TEXAS)
COUNTY OF DALLAS)

I, the undersigned notary public, do hereby
certify that on this 2nd day of February,
1984, personally appeared before me Fairfield P. Day, Jr.,
Robert Keith Thomas, and W. Edward Walts II who, each being
by me duly sworn, severally declared that they are the
persons who signed the foregoing document as incorporators
and the statements therein contained are true.

John D. Anderson
Notary Public, In and For
Said County and State

My Commission Expires:

2-26-85

II. BY-LAWS

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Highland Shores Owners Association, a Texas corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 15th day of March, 1984.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 15th day of March, 1984.

Francis Valer

Secretary

(SEAL)

BY-LAWS
OF
HIGHLAND SHORES OWNERS ASSOCIATION, INC.

Article I
Name, Membership, Applicability, and Definitions

Section 1. Name. The name of the Association shall be Highland Shores Owners Association, Inc., (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the Association in the State of Texas shall be located in the City of _____, County of _____. The Association may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Association may require.

Section 3. Registered Office and Registered Agent. The Association shall have and continuously maintain in the State of Texas a registered office and a registered agent, whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the Association in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

Section 4. Definitions. The words used in these By-Laws shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, (said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

Article II
Association: Meetings, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have two (2) classes of membership, Class "A" and "B", as more fully set forth in that Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either in Highland Shores or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the Members, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. The next annual meeting shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the Members shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board. The annual meeting of the Members shall be held at a date and time as set by the Board of Directors.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by at least ten (10%) percent of the total votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Corporation, with postage thereon prepaid.

When the Class "A" membership of the Association exceeds one thousand (1,000) at the time a meeting is scheduled or called, then the corporation may give notice of such meeting by publication in any newspaper of general circulation in the community in which the principal office of such corporation is located. Such notice shall be published not less than ten (10) nor more than fifty (50) days before the date of such meeting.

Section 6. Waiver of Notice. Waiver of notice of meeting of the Members shall be deemed the equivalent of proper

notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that at least twenty-five (25%) percent of the total votes of the Association remains present in person or by proxy, and provided further that any action taken shall be approved by at least a majority of the Members required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Residential Unit or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of a Member or upon the expiration of eleven (11) months from the date of the proxy.

Section 10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group

as the context may indicate totaling more than fifty (50%) percent of the total number.

Section 11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of fifty-one (51%) percent of the Members shall constitute a quorum at all meetings of the Association. In the event a quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-fourth (1/4) of the total votes. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 13. Action Without A Meeting. Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Members.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the Directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time.

Section 2. Directors During Declarant Control. The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant so long as the Class "B" membership exists, as set forth in the Declaration, unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be Owners or residents in Highland Shores. After the period of Declarant appointment, all Directors must be Members of the Association.

Section 3. Veto. This Section 3 may not be amended without the express, written consent of the Declarant until Declarant no longer owns any land described in Exhibits "A" or "B" to the Declaration or until December 31, 2003, whichever first occurs.

From the termination of the Class "B" membership, the Declarant shall have a veto power over all actions of the Board and the Modifications Committee, as is more fully provided in this Section. This power shall expire when the Class "A" votes, other than those Owners formerly owning Class "B" votes, equal to three thousand six hundred (3,600) or December 31, 2003, whichever occurs first, unless earlier surrendered. This veto power shall be exercisable only by Declarant, its successors, and assigns who specifically take this power in a recorded instrument. The veto shall be as follows:

No action authorized by the Board of Directors or Modifications Committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) Declarant shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or Modifications Committee by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meetings with Article III, Sections 9, 10, and 11, of these By-Laws as to regular and special meetings of the Directors and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board, the Modifications Committee, or the Association. Declarant and its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the Modifications Committee or the Association and/or the Board. At such meeting, Declarant shall have and is hereby granted a veto power over any such action, policy, or program authorized by the Modifications Committee or the Board of Directors and to be taken by said Committee or Board or the Association or any individual member of the Association if Board, Committee, or Association approval is necessary for said action. Said veto may be exercised by Declarant, its representatives, or agents at the meeting held pursuant to

the terms and provisions hereof. Any veto power shall not extend to the requiring of any action or counteraction on behalf of the Committee or Board or Association.

Section 4. Number of Directors. The number of Directors in the Association shall be not less than three (3) nor more than nine (9), as the Board of Directors may from time to time determine by resolution. The initial Board shall consist of three(3) members and are identified in the minutes of the first meeting of the Board.

Section 5. Nomination of Directors. Except with respect to Directors selected by the Declarant, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within thirty (30) days after the time Class "A" Members other than the Declarant are equal to or greater than five hundred (500), the Association shall call a special meeting to be held at which Members other than the Declarant shall elect one of the Directors. The Director so elected shall not be subject to removal by the Declarant acting alone and shall be elected for the shortest term available.

Within thirty (30) days after the time Class "A" Members other than the Declarant are equal to or greater than one thousand (1,000), the Association shall call a special meeting to be held at which Members other than the Declarant shall elect two (2) of the Directors. The Directors so elected shall not be subject to removal by Declarant acting alone and shall be elected for the shortest terms available.

(b) At the first annual meeting of the membership after the termination of the Class "B" membership and at each annual meeting of the membership thereafter, Directors shall be

elected. There shall be at least one (1) Director elected from and representing each of the Electoral Districts. There shall, in addition, be directors elected at-large. All Members of the Association shall vote upon the election of at-large Directors; separate slates shall be proposed for candidates specifying those representing an Electoral District and those running at-large, and only those Members in an Electoral District shall vote on the representatives for that Electoral District. It is specifically provided and required that no more than two (2) Directors, including the representative of an Electoral District and one (1) at-large Director, may come from any Electoral District. The candidate receiving a majority vote shall be elected. In the event no candidate receives a majority vote at the first balloting, a run-off shall be held between the top two (2) candidates.

The initial terms of the Directors shall be fixed at the time of their election as they among themselves shall determine. So long as there are three (3) Directors, the term of one (1) Director shall be fixed at two (2) years, and the terms of two (2) Directors shall be fixed at three (3) years. So long as there are four (4) or more Directors, there shall be concurrent terms for no less than two (2) members. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

Section 7. Removal of Directors and Vacancies. Unless the entire Board is removed from office by the vote of the Association Members, an individual Director shall not be removed prior to the expiration of his or her term of office if the number of votes cast against his or her removal would be sufficient to elect him or her if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the more recent election of Directors were than being elected. A Director who was elected solely by the votes of Members other than the Declarant may be removed from office prior to the expiration of his or her term by the votes of a majority of Members other than the Declarant.

In the event of death or resignation of a Director, his or her successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of the predecessor.

Section 8. Voting Procedure for Directors. The first election of the Board shall be conducted at the first meeting

of the Association. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

B. Meetings.

Section 9. Organization Meetings. The first meeting of the members of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set forth the meeting.

Section 12. Waiver of Notice. The transactions of any meetings of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting

duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a majority vote of the total vote of the Association at a regular or special meeting of the Association.

Section 15. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

Section 16. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 17. Executive Session. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 18. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken

without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote. An explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consents of all the Board members have been obtained.

C. Powers and Duties.

Section 19. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Members.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent or Manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each owner to the common expenses;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment (Unless otherwise determined by the Board of Directors, the annual assessment against the proportionate share of the common expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.);

(c) providing for the operation, care, upkeep, and maintenance of all of the Area of Common Responsibility;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Area of Common

Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable to owners; and

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the owners. All books and records shall be kept in accordance with generally accepted accounting practices.

Section 20. Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such

duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g), and (i) of Section 19 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee on ninety (90) days' or less written notice.

Section 21. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform with established AICPA guidelines and principles (A segregation of accounting duties should be maintained, and disbursements by check shall require two (2) signatures. Cash disbursements shall be limited to amounts of Twenty-Five (\$25.00) Dollars and under.);

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(f) commencing at the end of the month in which the first Residential Unit is sold and closed, quarterly financial reports shall be prepared for the Association containing:

(i) an Income Statement reflecting all income and expense activity for the preceding three (3) months on an accrual basis;

(ii) an Account Activity Statement reflecting all receipt and disbursement activity for the preceding three (3) months on an accrual basis;

(iii) an Account Status Report reflecting the status of all accounts in an "actual" versus "approved" budget format with a Budget Report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten (10%) percent of a major budget category (as distinct from a specific line item in an expended chart of accounts);

(iv) a Balance Sheet of an accounting date which is the last day of the month closest in time to three (3) months from the date of closing of the first sale of a Residential Unit in the project, and an Operating Statement for the period from the date of the first closing to the said accounting date, which shall be distributed within sixty (60) days after the accounting date;

(v) a Balance Sheet as of the last day of the Association's fiscal year and an Operating Statement for said fiscal year, which shall be distributed within ninety (90) days after the close of a fiscal year;

(vi) a Delinquency Report listing all owners who have been delinquent during the preceding three (3) month period in paying the monthly installments of assessments and who remain delinquent at the time of the report and describing the status of any action to collect such installments which remain delinquent (A monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month.); and

(vii) an annual report consisting of at least the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet as of the end of the fiscal year; (2) an operating (income) statement for the fiscal year; and (3) a statement of changes in financial position for the fiscal year. Ordinarily, the annual report referred to above shall be prepared by an independent accountant for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand (\$75,000.00) Dollars. If said report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

Section 22. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common Area and facilities without the approval of the Members of the Association; provided, however, the Board shall obtain membership approval in the same manner provided in Article IX, Section 2, of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five (5%) percent of the budgeted gross expenses of the Association for that fiscal year.

Section 23. Rights of the Association. With respect to the Common Areas or other Association responsibilities owned, and in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other homeowners or residents associations, both within and without the Properties. Such agreements shall require the consent of two-thirds (2/3) of the total votes of all Directors of the Association.

Section 24. Hearing Procedure. The Board shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other occupant for violations of rules unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

(i) the alleged violation;

(ii) the action required to abate the violation;

and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall serve

the violator with written notice of a hearing to be held by the Covenants Committee in executive session. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;
- (iii) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and
- (iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to this notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting, and Article IX, Section 3, of the Declaration shall be complied with. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the Manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

Article IV Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Article V Committees

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Covenants Committee. The Board of Directors shall appoint a Covenants Committee consisting of at least five (5) and no more than seven (7) members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee shall be the hearing tribunal of the Association.

Section 3. Parcel Committees. In addition to other committees, as provided in Section 1 of this Article V, there shall be a Parcel Committee for each of the Parcels contained in Highland Shores. Each Parcel Committee shall consist of three (3) members; provided, however, by vote of at least fifty (50%) percent of the residents of the Parcel this number may be increased to five (5). The Parcel Committees shall be appointed and elected in the manner provided for Directors in Article III, Sections 2 and 5. Any Director elected from a Parcel shall be an ex officio member of the Committee. It shall be the responsibility of the Parcel Committee to determine the nature and extent of services, if any, to be provided to the Parcel by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Parcel Committee may advise the Board on any other issue, but shall not have the authority to bind the Board of Directors.

In the conduct of its duties and responsibilities, each Parcel Committee shall comply with Article III, Sections 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of these By-Laws. Each Committee shall elect a chairman from among its members who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors.

Article VI Miscellaneous

Section 1. Fiscal Year. The initial fiscal year of the Association shall be set by resolution of the Board of Directors.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Texas law, the Articles

of Incorporation, the Declaration, and these By-Laws, the provisions of Texas law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration and By-Laws, membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within Highland Shores as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Residential Unit of such owner; or

(b) if to the Association, the Board of Directors, or the Managing Agent, at the principal office of the Association

or the Managing Agent, if any, or at such other address as shall be designated by the notice in writing to the Owners pursuant to this Section.

Section 6. Amendment. Prior to the sale of the first Residential Unit, Declarant may amend the By-Laws.

For eight (8) years after the sale of the first Residential Unit, or until the Class "B" membership shall terminate pursuant to the Declaration if such termination shall occur before the end of such eight (8) year period, these By-Laws may be amended only by the affirmative vote (in person or by proxy) or written consent of the Class "B" member. However, the percentage of votes necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.


After the eight (8) year period, or after the Class "B" membership shall terminate pursuant to the Declaration if such termination shall occur before the end of such eight (8) year period, these By-Laws may be amended only by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the total votes of the Association, which shall include a majority of votes of Members other than the Declarant or, where the two class voting structure is still in effect, shall include a majority of each class of Members. However, the percentage of votes necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

WRITTEN CONSENT OF DECLARANT
TO AMENDMENT OF BYLAWS

Highland Shores, Inc., the Declarant and Class B member of Highland Shores Owners Association, Inc. (the "Association"), hereby consents to the amendment of Article II, Section 11 of the Bylaws of the Association changing the quorum requirement from 51% to 20%. The undersigned hereby adopts the following as the amended Section 11:

Section 11. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of twenty percent (20%) of the members shall constitute a quorum at all meetings of the Association. In the event a quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-tenth (1/10th) of the total votes. Any provision in the Declaration concerning quorums is specifically incorporated herein.

HIGHLAND SHORES, INC.

By: 
F. P. Day, Jr., President

Dated: August 31, 1985

**III. DECLARATION
(Including Amendments)**

After recording return to:

W. Edward Walts II
Strasburger & Price
1200 One Main Place
Dallas, Texas 75250

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FILED

REAL PROPERTY RECORDS

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
HIGHLAND SHORES OWNERS ASSOCIATION

EVATT & BEARDS, P.C.

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
HIGHLAND SHORES OWNERS ASSOCIATION

This Declaration of Covenants, Conditions, and Restrictions is made this 25th day of January, 1983, by Highland Shores, Inc., a Delaware corporation qualified to do business in Texas, (hereinafter referred to as "Declarant");

W I T N E S S E T H

WHEREAS, Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference. Declarant intends by this Declaration to impose upon the Properties mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of residential property within Highland Shores, the planned unit development made subject to this Declaration and amendments thereto by the recording of this Declaration. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Properties and the interrelationship of the component residential associations, and to establish a method for the administration, maintenance, preservation, use and enjoyment of such Properties as are now or may hereafter be subjected to this Declaration;

NOW, THEREFORE, Declarant hereby declares that all of the Properties described in Exhibit "A" and any additional property as may by Subsequent Amendment be added to and subjected to this Declaration shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration and which shall be binding on all parties having any right, title, or interest in the described Properties or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

Article I
Definitions

Section 1. "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any,

which by contract with any residential or condominium association, with any commercial establishment or association, or with any apartment building owner or cooperative within Highland Shores become the responsibility of the Association. In addition, the office of any property manager employed by or contracting with the Association and located on the Properties shall be part of the Area of Common Responsibility.

Section 2. "Association" shall mean and refer to Highland Shores Owners Association, Inc., a Texas nonprofit corporation, its successors and assigns. The "Board of Directors" or "Board" shall be the elected body having its normal meaning under Texas nonprofit corporate law.

Section 3. "Common Area" shall mean all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners. The initial Common Area to be owned by the Association shall be conveyed to the Association prior to the conveyance of a subdivision interest to any Residential Unit purchaser.

Section 4. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, both for general and parcel purposes, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association.

Section 5. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in Highland Shores. Such standard may be more specifically determined by the New Construction Committee.

Section 6. "Electoral District" shall mean a geographical area comprised of one or more housing types and representing a political unit for the purpose of electing directors. Districts shall not be required to be equal in population. The Declarant may at any time and from time to time until the termination of Class "B" membership as provided in Section 2(b) of Article III of this Declaration establish and alter or reestablish the boundaries of Electoral Districts by the recordation of an exhibit to this Declaration setting forth the metes and bounds or other legal description of the land contained within each Electoral District. After termination of the Class "B" membership, the Board of Directors may prepare and record such exhibit. Such recordation shall not constitute an amendment to this Declaration and shall not require the formality thereof.

Section 7. "Member" shall mean and refer to a person or entity entitled to membership in the Association, as provided herein.

Section 8. "Mortgage" shall include a deed of trust, as well as a mortgage.

Section 9. "Mortgagee" shall include a beneficiary or holder of a deed of trust, as well as a mortgagee.

Section 10. "Mortgagor" shall include the trustor of a deed of trust, as well as a mortgagor.

Section 11. "Owner" shall mean and refer to one or more persons or entities who hold the record title to any Residential Unit which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Residential Unit is sold under a recorded contract of sale, the purchaser (rather than the fee owner) will be considered the Owner.

Section 12. "Parcel" shall mean and refer to separately designated, developed residential areas comprised of various types of housing initially or by amendment made subject to this Declaration; for example, and by way of illustration and not limitation, condominiums, fee simple townhomes, single family detached houses. In the absence of specific designation of separate Parcel status, all Properties made subject to this Declaration shall be considered a part of the same Parcel; provided, however, the Declarant may designate in any Subsequent Amendment adding property to the terms and conditions of this Declaration that such properties shall constitute a separate Parcel or Parcels; and provided, further, by a two-thirds (2/3) vote, the Board of Directors may also designate Parcel status to any area so requesting.

Section 13. "Parcel Assessments" shall mean assessments for common expenses provided for herein or by any Subsequent Amendment which shall be used for the purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of the Residential Units against which the specific Parcel Assessment is levied and of maintaining the properties within a given Parcel, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized below.

The Parcel Assessment shall be levied equally against Owners of Residential Units in a Parcel for such purposes that are authorized by this Declaration or by the Board of Directors from time to time, provided that in the event of assessments for exterior maintenance of dwellings, or insurance on dwellings, or replacement reserves which pertain to particular dwellings (pursuant to an amendment to this Declaration), such assessments (that are for the use and benefit of particular lots/units) shall be levied upon a pro rata basis among benefited Owners.

Section 14. "Person" means a natural person, a corporation, a partnership, trustee, or other legal entity.

Section 15. "Properties" shall mean and refer to the real property described in Exhibit "A" attached hereto and shall further refer to such additional property as may hereafter be annexed by Subsequent Amendment to this Declaration or which is owned by the Association.

Section 16. "Residential Unit" shall mean a portion of the Properties intended for any type of independent ownership for use and occupancy as a residence by a single family and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) condominium units, apartment units, patio or zero lot line homes, and single family houses on separately platted lots, as may be developed, used and defined as herein provided or as provided in Subsequent Amendments covering all or a part of the Properties; provided, further, the term shall also include all portions of the lot owned as a part of any structure thereon; and provided, further, each apartment unit within an apartment building shall be a Residential Unit, but the apartment building itself shall not be or constitute a Residential Unit.

For the purposes of this Declaration, a Residential Unit shall come into existence when substantially complete or upon the issuance of a certificate of occupancy by the appropriate agency of Highland Village, Texas, or other local governmental entity.

Section 17. "Single Family" shall mean one (1) family unit related by blood, adoption, or marriage.

Section 18. "Subsequent Amendment" shall mean an amendment to this Declaration which adds additional property to that covered by this Declaration. Such Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the land submitted by that Amendment to the provisions of this Declaration.

Article II Property Rights

Every Owner shall have a right and easement of enjoyment in and to the Common Area subject to any restrictions or limitations contained in any Deed or amendment to this Declaration conveying to the Association or subjecting to this Declaration such property. Any Owner may delegate his or her right of enjoyment to the members of his or her family, tenants, and

social invitees subject to reasonable regulation by the Board and in accordance with procedures it may adopt.

The Board of Directors by resolution may extend permission to recognized community leagues to use certain of the recreation facilities within the Properties subject to such terms and conditions as the Board may impose.

Article III
Membership and Voting Rights

Section 1. Membership. Every Owner, as defined in Section 11 of Article II, shall be deemed to have a membership in the Association. No Owner, whether one or more persons, shall have more than one (1) membership per Residential Unit owned. In the event the Owner of a Residential Unit is more than one person or entity, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote, may be exercised by a Member or the Member's spouse, but in no event shall more than one (1) vote for each class of membership applicable to a particular Residential Unit be cast for each Residential Unit.

Section 2. Voting. The Association shall have two (2) classes of membership, Class "A" and Class "B", as follows:

(a) **Class "A".** Class "A" Members shall be all Owners with the exception of the Class "B" Members, if any.

Class "A" Members shall be entitled on all issues to one (1) vote for each Residential Unit in which they hold the interest required for membership by Section 1 hereof; there shall be only one (1) vote per unit; provided, however, votes for Residential Units within an apartment building or which constitute apartments shall be cast as follows: on economic issues and assessments, the votes shall be cast by the Owner; on Board elections and issues concerning the use and enjoyment of the Common Area, the votes shall be cast by the tenants residing in the Residential Units. When more than one person or entity holds such interest in any Residential Unit, the vote for such Residential Unit shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Residential Unit's vote shall be suspended in the event more than one person or entity seeks to exercise it.

Any Owner of Residential Units which are leased may, in the lease or other written instrument, assign the voting

right appurtenant to that Residential Unit to the lessee, provided that a copy of such instrument is furnished to the Secretary prior to any meeting.

(b) Class "B". Class "B" Member shall be the Declarant and any successor of Declarant who takes title for the purpose of development and sale and who is designated as such in a recorded instrument executed by Declarant. The Class "B" Member shall originally be entitled to four thousand (4,000) votes; this number shall be decreased by one (1) vote for each Class "A" Member existing at any one time. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

- (i) when the total outstanding Class "A" votes equal or exceed three thousand (3,000);
- (ii) January 1, 1998; or
- (iii) when, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earlier, the Class "B" Member shall be deemed to be a Class "A" Member entitled to one (1) vote for each Residential Unit in which it holds the interest required for membership under Section 1 hereof. At such time, the Declarant shall call a meeting, as provided in the By-Laws of the Association for special meetings, to advise the membership of the termination of Class "B" status.

Article IV Maintenance

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Area, if any, such maintenance to be funded as hereinafter provided. This maintenance shall include, but not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated upon the Common Area.

The Association may, in the discretion of its Board, assume the maintenance responsibilities set out in any Declaration subsequently recorded which creates any residential association (including, but not limited to, condominium associations) upon all or any portion of the Properties. In such event, all costs of such maintenance shall be assessed only against those Members residing in the association to which the

services are provided. This assumption of responsibility may take place either by contract or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard of Highland Shores. The provision of services in accordance with this Section shall not constitute discrimination within a class.

Section 2. Owner's Responsibility. In accordance with any additional Declaration and Subsequent Amendments to this Declaration which may be filed on portions of the Properties and in accordance with this Declaration, all maintenance of the Residential Unit and all structures, parking areas, and other improvements within the Residential Unit shall be the sole responsibility of the Owner thereof who shall perform such maintenance in a manner consistent with the Community-Wide Standard of Highland Shores and the applicable covenants; provided, further, the Owner shall be responsible for mowing any grass that may be within the Residential Unit or extend beyond to the pavement line of the street on the City-owned right-of-way adjacent to the Residential Unit; provided, further, if this work is not properly performed by the Owner, the Association will perform it promptly and assess the Owner.

Article V Insurance and Casualty Losses

Section 1. Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain insurance for all insurable improvements on the Common Area and may, but shall not be obligated to, by written agreement with any Parcel Committee as defined in the By-Laws, assume the insurance responsibility for the Properties contained within the Parcel against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

In addition to casualty insurance on the Common Area, the Association may, but shall not, under any circumstances, be obligated to, obtain and continue in effect adequate blanket all-risk casualty insurance in such form as the Board of Directors deems appropriate for the full replacement cost of all structures on the Residential Units. Costs of such coverage shall be a common expense to the Association, if carried on all Residential Units. If the Association elects not to obtain such insurance, then an individual Parcel Committee may obtain such insurance as a common expense of the Parcel to be paid by Parcel Assessments. In the event such insurance is obtained by either

the Association or a Parcel Committee, the provisions of this Article shall apply to policy provisions, loss adjustment, and all other subjects to which this Article applies to insurance on the Common Area. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance for each member to be furnished to the Association or Parcel Committee, as applicable.

The Board shall also obtain a public liability policy covering the Common Area, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a Five Hundred Thousand (\$500,000.00) Dollar single person limit as respects bodily injury and property damage, a One Million (\$1,000,000.00) Dollar limit per occurrence, and a Two Hundred Fifty Thousand (\$250,000.00) Dollar minimum property damage limit. Premiums for all insurance on the Common Area shall be common expenses of the Association; premiums for insurance provided to other associations or Parcels shall be charged to those associations or Parcels. The policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

Cost of insurance coverage obtained by the Association for the Common Area or for structures on Residential Units shall be included in the General Assessment, as defined in Article X, Section 1.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as Trustee for the respective benefitted parties, as further identified in (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in Texas and holding a rating of XI or better in the Financial Category as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

(b) All policies on the Common Area shall be for the benefit of the Residential Unit Owners and their Mortgagees as their interests may appear; all policies secured at the request of a Parcel Committee shall be for the benefit of the Owners and their Mortgagees of Residential Units within the Parcel.

(c) Exclusive authority to adjust losses under policies in force on the Properties obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no mortgagee having an interest in such losses

may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees.

(e) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Denton County, Texas, area.

(f) The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair, and reconstruct, instead of paying cash;

(iii) that no policy may be cancelled, invalidated or suspended on account of any one or more individual Owners;

(iv) that no policy may be cancelled, invalidated, or suspended on account of the conduct of any Director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(vi) that no policy may be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and

other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment, but may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

Section 2. Individual Insurance. By virtue of taking title to a Residential Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each individual Owner shall carry blanket all-risk casualty insurance on the Residential Units and structures constructed thereon as provided for in Section 1 of this Article V, unless the Association or the Parcel Committee of the Parcel in which the Residential Unit is located carries such insurance, which they are not obligated to do. Each individual Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction, the individual unit Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction. In the event that the structure is totally destroyed and the individual Owner determines not to rebuild or to reconstruct, the individual Owner shall clear the Residential Unit of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction. A Parcel Committee may impose more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Residential Unit and the standard for returning the Residential Unit to its natural state in the event the Owner decides not to rebuild or reconstruct.

Section 3. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Area or, in the event no repair or reconstruction is made, after making such settlement as is necessary and appropriate with the affected Owner or Owners and their mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any mortgagee of a Residential Unit and may be enforced by such mortgagee.

(b) If it is determined, as provided for in Section 3 of this Article, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner as provided for excess proceeds in Section 3(a) of this Article V.

Section 4. Damage and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless at least seventy-five (75%) percent of the total vote of the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No mortgagee shall have the right to participate in the determination of whether the Common Area damage or destruction shall be repaired or reconstructed.

(c) In the event that it should be determined by the Association in the manner described above that the damage or destruction of the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the Properties shall be restored to their natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition.

Section 5. Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners in proportion to the number of

Residential Units owned by such Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. In any fiscal year, the Board may not, without the vote or written assent of a majority of the voting power of the Association residing in Members other than the Declarant, levy such special assessments which in the aggregate exceed five (5%) percent of the budgeted gross expenses of the Association for that fiscal year.

Article VI
No Partition

Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Properties or any part thereof seek any such judicial partition until the happening of the conditions set forth in Section 3 of Article V in the case of damage or destruction, or unless the Properties have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

Article VII
Condemnation

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of all Owners) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as Trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant and at least seventy-five (75%) percent of the Class "A" Members of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available. therefore, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Article V hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area,

or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

Article VIII
Annexation of Additional Property

Section 1. Annexation Without Approval of Class "A" Membership. As the owner thereof, or if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege, and option, from time to time at any time until the year 2003, to subject to the provisions of this Declaration and the jurisdiction of the Association all or any portion of the real property described in Exhibit "B", attached hereto and by reference made a part hereof, whether in fee simple or leasehold, by filing in the Deed Records of Denton County, Texas, an amendment annexing such Properties. Such Subsequent Amendment to this Declaration shall not require the vote of Members. Any such annexation shall be effective upon the filing for record of such Subsequent Amendment unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other person the said right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of said real property described in said Exhibit "B" attached hereto and that such transfer is memorialized in a written, recorded instrument.

Section 2. Annexation With Approval of Class "A" Membership. Subject to the consent of the owner thereof, upon the written consent or affirmative vote of a majority of the Class "A" Members other than Declarant of the Association present or represented by proxy at a meeting duly called for such purpose and of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject in accordance with Section 1 of this Article, the Association may annex real property other than that shown on Exhibit "B"; and following the expiration of the right in Section 1, the Properties shown on Exhibit "B", to the provisions of this Declaration and the jurisdiction of the Association by filing of record in the Deed Records of Denton County, Texas, a Subsequent Amendment in respect to the Properties being annexed. Any such Subsequent Amendment shall be signed by the President and the Secretary of the Association, and the owner of the properties being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein. The time within which and the manner in which notice of any such meeting of the Class "A" Members

of the Association, called for the purpose of determining whether additional property shall be annexed, and the quorum required for the transaction of business at any such meeting, shall be as specified in the By-Laws of the Association for regular or special meetings, as the case may be.

Section 3. Acquisition of Additional Common Area. Declarant may convey additional real estate, improved or unimproved, located within the Properties described in Exhibit "B" which upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

Section 4. Amendment. This Article shall not be amended without the written consent of Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B".

Article IX Rights and Obligations of the Association

Section 1. Common Area and Rights-of-Way. 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 Area and all improvements thereon (including furnishings and equipment related thereto, including, without limitation, the private drainage facilities and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof.

Section 2. Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, will accept any real or personal property, leasehold, or other property interests within the Properties conveyed to it by the Declarant.

Section 3. Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines and suspension of the right to vote and the right to use the Common Area. The Board shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. Imposition of sanctions shall be as provided in the By-Laws of the Association. In addition, the

Association, through the Board, may, by contract or other agreement, enforce county ordinances or permit Highland Village to enforce ordinances on the Properties for the benefit of the Association and its Members.

Section 4. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Article X Assessments

Section 1. Creation of Assessments. There are hereby created assessments for Common Expenses as may be from time to time specifically authorized by the Board of Directors to be commenced at the time and in the manner set forth in this Article X, Section 6. General Assessments shall be allocated equally among all Residential Units within the Association and shall be for expenses determined by the Board to be for the benefit of the Association as a whole. Parcel Assessments shall be levied against Residential Units in particular portions of the Properties or in residential associations for whose benefit Common Expenses are incurred which Parcel Assessments benefit less than the Association as a whole. Each Owner, by acceptance of his or her deed or recorded contract of sale, is deemed to covenant and agree to pay these assessments. All such assessments, together with interest at the highest rate allowable under the laws of Texas from time to time relating to usury for residential real estate loans, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Residential Unit against which each assessment is made.

Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Residential Unit at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first mortgagee who obtains title to a Residential Unit pursuant to the remedies provided in the mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual assessment for delinquents; unless the Board otherwise provides, the assessments shall be paid in monthly installments.

The Association is specifically authorized and encouraged to seek public and private funds to help defray, in whole or in part, the expenses for which assessments would be necessary. To the extent received, such funds shall be used to reduce the assessments otherwise required by the budget in Section 2.

Section 2. Computation of Assessment. It shall be the duty of the Board, at least sixty (60) days before the beginning of the fiscal year and thirty (30) days prior to the meeting at which the budget shall be presented to the membership, to prepare a budget covering the estimated costs of operating the Association during the coming year. The budget shall include a capital contribution establishing a reserve fund in accordance with a capital budget separately prepared and shall separately list general and parcel expenses, if any. The Board shall cause a copy of the budget, and the amount of the assessments to be levied against each Residential Unit for the following year to be delivered to each Owner at least fifteen (15) days prior to the meeting. The budget and the assessments shall become effective unless disapproved at the meeting by a vote of at least a majority of both classes of the total Association membership.

Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Section 3. Special Assessments. In addition to the assessments authorized in Section 1, the Association may levy a special assessment or special assessments in any year applicable to that year. So long as the total special assessments in any year authorized under this Section 3 do not exceed an amount equal to the total General Assessment for such year per Residential Unit, the Board, by majority vote, may impose the special assessments. If such total amount be exceeded, any special assessment in excess of such total amount shall be effective only with the approval of a majority of the Class "A" Members.

Section 4. Lien for Assessments. When a notice of the lien has been recorded, such assessment shall constitute a perfected lien on each Residential Unit prior and superior to all other liens, except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) the lien or charge of any first mortgage of record (meaning any recorded mortgage or deed of trust with first priority over other mortgages or deeds of trust) made in good faith and for value.

Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure.

The Association, acting on behalf of the Owners, shall have the power to bid for the Residential Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period owned by the Association, following foreclosure: (1) No right to vote shall be exercised on its behalf; (2) no assessment shall be assessed or levied on it; and (3) each other Residential Unit shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Residential Unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid common expenses; and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same. After notice and hearing, the Board may temporarily suspend the voting rights of a Member who is in default of payment of any assessment.

Section 5. Capital Budget and Contribution. The Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by annual assessments over the period of the budget. The capital contribution required shall be fixed by the Board and included within the budget and assessment, as provided in Section 2 of this Article. A copy of the capital budget shall be distributed to each Member in the same manner as the operating budget.

Section 6. Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to all Residential Units on the first day of the month following the date the Residential Unit comes into existence as provided in Article I, Section 16, provided that some Common Area has been conveyed by the Declarant to the Association. If Common Area has not been conveyed at the time of conveyance of the first Residential Unit then annual assessments shall commence on the first day of the month following conveyance of the first piece of Common Area. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year.

Article XI
Architectural Standards

The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdictions decisions of either Committee established in Sections 1 and 2 of this Article XI. This Article may not be amended without the Declarant's written consent, so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

No construction, which term shall include within its definition staking, clearing, excavation, grading, and other site work, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements thereof have been fully met, and until the approval of the appropriate Committee has been obtained.

Section 1. New Construction Committee. The New Construction Committee (NCC) shall have exclusive jurisdiction over all original construction on any portion of the Properties. The NCC shall prepare and, on behalf of the Board of Directors, shall promulgate design guidelines and application procedures. The standards and procedures shall be those of the Association, and the NCC shall have sole and full authority to prepare and to amend the standards and procedures. It shall make both available to Owners, builders, and developers who seek to engage in development of or construction upon all or any portion of the Properties and who shall conduct their operations strictly in accordance therewith. Until ninety (90%) percent of the Properties contained in Exhibits "A" and "B" have been conveyed to purchasers in the normal course of development and sale, the Declarant retains the right to appoint all members of the NCC, which shall consist of at least three (3), but no more than five (5), persons. There shall be no surrender of this right prior to that time, except in a written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board of Directors shall appoint the members in the same manner as provided in Section 2 for the Modifications Committee.

Section 2. Modifications Committee. The Modifications Committee (MC) shall consist of at least three (3) and no more than five (5) members, all of whom shall be appointed by the Board of Directors. The MC shall have exclusive jurisdiction over modifications, additions, or alterations made on or to existing Residential Units or structures containing Residential Units and the open space, if any, appurtenant thereto; provided, however, the MC may delegate this authority to the appropriate board or committee of any residential association subsequently

created or subsequently subjected to this Declaration so long as the MC has determined that such board or committee has in force review and enforcement practices, procedures and appropriate standards at least equal to those of the MC. Such delegation may be revoked and jurisdiction reassumed at any time by written notice.

The MC shall promulgate detailed Standards and Procedures governing its area of responsibility and practice. In addition thereto, the following shall apply. Plans and specifications showing the nature, kind, shape, color, size, materials, and location of such modifications, additions, or alterations, shall be submitted to the Modifications Committee for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with an originally approved color scheme, or to rebuild in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an owner to remodel the interior of his residence, or to paint the interior of his residence any color desired. In the event the MC fails to approve or to disapprove such plans or to request additional information reasonably required within forty-five (45) days after submission, the plans shall be deemed approved.

Article XII Use Restrictions

The Properties shall be used only for residential, recreational, and related purposes as may more particularly be set forth in this Declaration, amendments thereto or subsequently recorded declarations creating residential associations subject to this Declaration. The Association, acting through the Board of Directors, shall have standing and the power to enforce use restrictions contained in any such declaration as if such provision were a regulation of the Association.

The Association, acting through its Board of Directors, shall have authority to make and to enforce standards and restrictions governing the use of Residential Units and Common Area, including the imposition of reasonable user fees for facilities, including, but not limited to, a vehicle storage area, marine facilities, swimming pools, tennis courts, community center and parking facilities, if any.

Land use standards constituting the initial restrictions and standards are attached hereto as Exhibit "C" and incorporated herein by reference.

Article XIII
General Provisions

Section 1. Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Properties subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same.

Section 2. Amendment. Prior to the sale of the first Residential Unit, Declarant may amend this Declaration. After such sale, this Declaration may be amended only by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the total votes of the Association, including a majority of the affirmative votes or written consent of Members other than the Declarant. However, 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. Any amendment must be recorded in the Deed Records of Denton County, Texas.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 3. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account

of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, 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.

Section 4. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws of the Association, his or her right of enjoyment to the Common Area and facilities to the members of his or her family, tenants, and social invitees.

Section 5. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Residential Unit and such portion or portions of the Common Area adjacent thereto or as between adjacent Residential Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Residential Unit and the adjacent portion of the Common Area or as between said adjacent Residential Units, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of an Owner, tenant, or the Association.

Section 6. Easements for Utilities, Etc. Declarant hereby reserves for itself and its designees (including, without limitation, the City of Highland Village and any utility) blanket easements upon, across, over, and under all of the Properties for ingress, egress, installation, replacing, repairing, and maintaining cable television systems, master television antenna systems, security, and similar systems, walkways, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas, and electricity. This reserved easement may be assigned by Declarant by written instrument to the Association, and the Association shall accept the assignment upon such terms and conditions as are acceptable to Declarant. If this reserved easement is assigned to the Association, the Board shall, upon written request, grant such easements as may be reasonably necessary for the development of any Properties described in Exhibit "A" or that may be annexed in accordance with Article VIII of this Declaration.

Without limiting the generality of the foregoing, there are hereby reserved for the City of Highland Village, Texas,

easements across all Residential Units on the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining water meter boxes.

Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on said Properties, except as may be approved by the Association's Board of Directors or as provided in the development and sale by Declarant. Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement on said Properties without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Properties.

The Board shall have, by a two-thirds (2/3) vote, the power to dedicate all or part of the Common Area to Highland Village, or other local, state, or federal governmental entity.

Section 7. Construction and Sale. Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Residential Units shall continue, it shall be expressly permissible for Declarant to maintain and carry on upon portions of the Common Area 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 residences, including, but not limited to, business offices, signs, model units, and sales offices, and the Declarant shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use residences owned by the Declarant and the community center, if any, which may be owned by the Association, as models and sales offices. This Section may not be amended without the express written consent of the Declarant.

Section 8. Pets. Except as may be authorized by the Declarant or by the Board of Directors as part of the facilities on the Common Area or as may be set out in this Declaration or amendments thereto, no animals or poultry of any kind shall be raised, bred, or kept on the Properties. Except as amendments adding additional property may limit this right for such Properties, no more than a total of three (3) normal household pets may be kept in Residential Units; provided, further, horses, mules, and ponies for personal use shall be permitted on those portions of the Properties as may subsequently be designated by the Declarant when submitting land to this Declaration. The keeping of any animal or other pet shall be subject to rules

and regulations adopted by the Association through its Board of Directors, provided that such pets are not kept, bred, or maintained for any commercial purpose. The Board shall have the absolute power to prohibit pets from being kept on the Properties, including inside Residential Units constructed thereon; provided, however, the Declaration or other creating document for any residential association may impose stricter standards than those contained in this Section. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards.

Section 9. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 10. Right of Entry. The Association shall have the right, but shall not be obligated, to enter into any Residential Unit for emergency, security, and safety, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. 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 a Residential 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 upon request by the Board.

Section 12. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Article XIV Mortgagees' Rights

The following provisions are for the benefit of holders, insurers, or guarantors of first mortgages on Residential Units in Highland Shores. To the extent applicable, necessary, or proper, the provisions of this Article XIV apply to both this Declaration and to the By-Laws of Highland Shores Owners Association, Inc. Where indicated, these provisions apply only to "eligible holders," as hereinafter defined.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the unit number), (therefore becoming an "eligible holder"), will be entitled to timely written notice of:

- (a) any proposed termination of the Association;
- (b) any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Residential Unit on which there is a first mortgage held, insured, or guaranteed by such eligible holder;
- (c) any delinquency in the payment of assessments or charges owed by an Owner of a Residential Unit subject to the mortgage of such eligible holder, insurer, or guarantor, where such delinquency has continued for a period of sixty (60) days;
- (d) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; or
- (e) any proposed action which would require the consent of eligible holders, as required in Sections 2 and 3 of this Article.

Section 2. Other Provisions for First Lien Holders.
To the extent possible under Texas law:

- (a) Any restoration or repair of the Properties after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original plans and specifications unless the approval of the eligible holders of first mortgages on Residential Units to which at least fifty-one (51%) percent of the votes of Residential Units, subject to mortgages held by such eligible holders are allocated, is obtained.
- (b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation must require the approval of the eligible holders of first mortgages on Residential Units to which at least fifty-one (51%) percent of the votes of Residential Units, subject to mortgages held by such eligible holders, are allocated.

Section 3. 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 Section 2 (a)

and (b) of this Article XIV, or to the addition of land in accordance with Article VIII.

(a) The consent of at least sixty-seven (67%) percent of the Class "A" votes 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 (67%) percent of the votes of units subject to a mortgage appertain, shall be required to terminate the Association.

(b) The consent of at least sixty-seven (67%) percent of the Class "A" votes 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 Residential Units to which at least fifty-one (51%) percent of the votes of Residential Units subject to a mortgage appertain, shall be required materially to amend any provisions of the Declaration, By-Laws, or Articles of Incorporation of the Association, or to add any material provisions thereto, which establish, provide for, 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 Area;
- (iv) insurance or fidelity bonds;
- (v) rights to use of the common area;
- (vi) responsibility for maintenance and repair of the Properties;
- (vii) expansion or contraction of the Properties or the addition, annexation, or withdrawal of Properties to or from the Association;
- (viii) boundaries of any Residential Unit;
- (ix) leasing of Residential 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 Residential 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, By-Laws, or Articles of Incorporation which are for the express benefit of holders, guarantors, or insurers of first mortgages on Residential Units.

Section 4. Special FHLMC Provision. So long as required by The Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing three Sections of this Article. Unless two-thirds (2/3) of the first mortgagees or Owners give their consent, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Properties shall not be deemed a transfer);

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

(c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Residential Units and of the Common Area;

(d) fail to maintain fire and extended coverage insurance, as required by this Declaration; or

(e) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such Properties.

The provisions of this Section 4 shall not be construed to reduce the percentage vote that must be obtained from mortgagees or Owners where a larger percentage vote is otherwise required for any of the actions contained in this Section.

First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies, or secure new casualty insurance coverage upon the lapse of a policy, for the Common Area, and first mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

**Article XV
Declarant's Rights**

Any or all of the special rights and obligations of the Declarant may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Deed Records of Denton County, Texas.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 25th day of January, 1984.

HIGHLAND SHORES, INC.,
a Delaware corporation

By: Fairfield P. Day, Jr.
Fairfield P. Day, Jr., President

Attest: F.W. Richards

STATE OF TEXAS)
) ss.
COUNTY OF DENTON)

On January 25, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Fairfield P. Day, Jr., known to me to be president of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same for the purpose and consideration therein expressed and in the capacity therein stated.

WITNESS my hand and official seal.

W. A. Hill
NOTARY PUBLIC,
State of Texas



EXHIBIT "A"

To
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
For
HIGHLAND SHORES OWNERS ASSOCIATION

LAND INITIALLY SUBMITTED

All of that certain real property located in the City of Highland Village, Denton County, Texas, described as follows:

Lots 1 through 36 in Block A, Lots 1 through 14 in Block B, Lots 1 through 3 in Block C, Lots 1 through 27 in Block D, Lots 1 through 16 in Block E, Lots 1 through 9 in Block F, Common Green #'s 1 through 5, and all reversionary interest, if any, in Highland Shores Blvd., Highland Village Road, Moran Drive, Ranney Drive, Catlin Circle, Catlin Terrace, Remington Drive and Catesby Place which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase I", recorded in Volume C,

pages 275-277 of the Map and Plat Records of Denton County, Texas,
on January 12, 1991.

EXHIBIT "B"

To
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
For
HIGHLAND SHORES OWNERS ASSOCIATION

ADDITIONAL LAND

All of that certain real property which lies within a radius of five (5) miles from any point on the perimeter boundary line of the entirety of that certain subdivision located in the City of Highland Village, Denton County, Texas, and delineated, described and set forth on that certain subdivision plat captioned "Highland Shores Phase I", recorded in Cabinet C, pages 375-377 of the Map and Plat Records of Denton County, Texas, on JANUARY 19, 1984.

EXHIBIT "C"

To
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
For
HIGHLAND SHORES OWNERS ASSOCIATION

LAND USE STANDARDS

1. AERIALS AND ANTENNAE

Any exterior radio or television or other aerial, antenna, satellite dish, tower or other transmitting or receiving structure, or support thereof, shall be erected, installed, placed, or maintained entirely within the enclosed portion of an individual building constituting part of a Residential Unit (and therefore shall not be visible from the neighboring properties and streets), unless otherwise approved by the NCC in writing.

2. ENERGY CONSERVATION EQUIPMENT

No unsightly finishes, reflective surfaces (which cause glare to the neighboring properties or streets) or unsightly exposed piping and wiring are permitted on any solar energy collector panels or attendant hardware or other energy conservation equipment constructed or installed on any Residential Unit.

3. AIR CONDITIONING UNITS

No Residential Unit shall be constructed without an integral central air conditioning system therein. Compressors and fans for central air conditioning systems which are located outside the exterior of a building shall be adequately walled, fenced or landscaped to prevent unreasonable noise and exposure. Air conditioning units extending from windows or protruding from roofs are not permitted.

4. CLOTHES DRYING AREAS

Any clothes drying or hanging areas will be screened so as not to be visible from the neighboring properties and streets.

5. SIGNAGE

No signs, advertisements, billboards or advertising structure of any kind shall be displayed to the public view on any portion of a Residential Unit lot or structure, or on any separately platted lot or other portion of the Properties, except (i) a sign of not more than four square feet advertising such Residential Unit, lot or other portion of the Properties for sale or rent, or (ii) a sign which is

first approved by the NCC in writing or in the design guidelines adopted by the NCC pursuant to Article XI, Section 1 of the Declaration of which this Exhibit "C" is a part.

6. WALLS, FENCES, HEDGES AND SCREENING

No wall, fence, hedge or similar structure shall be placed, constructed, erected or permitted on a Residential Unit lot unless approved by the NCC or the MC, as applicable, in writing. No wall, fence, planter or hedge in excess of two and one half (2 1/2) feet in height shall be erected or maintained nearer to the front lot line than the front building setback line. No side or rear fence or wall shall be more than six (6) feet high. Unless required by law, no separately platted lot boundary fence shall be of wire or chain link construction, nor shall any fence of wire or chain link construction be visible from the neighboring streets.

7. DECKS AND PATIOS

No metal or fiberglass awnings or roofs over deck or patio enclosures are permitted.

8. RETAINING WALLS

No retaining walls which adversely alter or affect, in the opinion of the NCC or the MC (as the case may be), existing drainage patterns are permitted.

9. ARTIFICIAL VEGETATION

No artificial vegetation is permitted anywhere on or outside any Residential Unit structure.

10. SIGHT DISTANCES AT INTERSECTION

No fence, wall hedge or shrub planting or other structure shall be placed or planted on corner lots which obstructs sight lines at elevations between two and one half (2 1/2) feet and eight (8) feet above the top of the street edge within the triangular area formed by the junction of street edge lines and a line connecting such street edge lines at points thirty-five (35) feet from the junction of such street edge lines.

11. LANDSCAPING AND GROUND MAINTENANCE

(a) Grass, hedges, shrubs, vines and mass planting of any type on each Residential Unit lot shall be irrigated, mowed, trimmed and cut at regular intervals so as to be maintained in a neat and attractive manner. Trees, shrubs, vines, plants and grass which die shall be promptly removed and replaced with living foliage of like kind.

(b) All Residential Units shall be kept at all times in a sanitary, healthful, attractive and safe condition, and the Owners or occupants

of all Residential Units shall keep all weeds, grass and dead trees thereon cut and shall in no event use any Residential Unit lot or structure for storage of materials and equipment, or permit the accumulation of garbage, trash or rubbish of any kind thereon or therein, except for normal residential requirements or incident to construction of improvements thereon. All yard equipment or storage piles shall be kept screened by a walled service yard or similar facility, so as not to be visible from the neighboring properties and streets. Woodpiles shall be stacked and neatly maintained.

12. POOL EQUIPMENT

No pools shall be installed above ground. Pumps and related equipment shall be concealed so as not to be visible from the neighboring properties and streets.

13. EXTERIOR LIGHTING

No exterior lighting fixture shall be installed upon any Residential Unit lot or structure except as approved in writing by the NCC or the MC, as applicable. No lighting fixture will be approved that may become an annoyance or a nuisance to owners or occupants of the neighboring properties.

14. AUTOMOTIVE REPAIR AND MAINTENANCE

Except in the case of emergencies, no automotive repairs or maintenance may be conducted within or upon a Residential Unit lot in such a manner as to be visible from any point outside the Residential Unit lot.

15. VEHICLE PARKING

Subject to the provisions of paragraphs 16 and 17 in this Exhibit "C" below, all motor vehicles shall be parked in garages or driveways. A minimum of three (3) parking spaces shall be provided on each single family Residential Unit lot. Two of the said three (3) parking spaces shall be covered and enclosed. Parking on lawns or on areas not designated for vehicular purposes is prohibited. Subject to any laws, rules or regulations promulgated by government authority, temporary parking along the side of streets is not permitted unless:

- (a) There is temporarily inadequate space in the garage or driveway (not caused by any permanent or semi-permanent condition) to permit the vehicle to be parked therein; and
- (b) The vehicle owner and operator shall, whenever possible, cause the vehicle to be parked in front of the Residential Unit of which the owner or operator is a resident, guest or invitee.

16. RECREATIONAL VEHICLES, BOATS, MOBILE HOMES

No boats, trailers, recreational vehicles, buses, inoperative

vehicles of any kind, camp rigs off truck, or boat rigging or other similar items of conveyance shall be parked or stored permanently or semi-permanently (i) on any public street or right-of-way, or (ii) on any Residential Unit lot unless such vehicle can be, and is, totally enclosed within a closed residential garage.

All oversized recreational vehicles shall be parked and stored at the recreational vehicle parking facility especially provided therefor. "Oversized" recreational vehicles are those recreational vehicles whose dimensions preclude their being totally enclosed within a closed residential garage. Recreational vehicles which are not "oversized" shall be stored within the closed residential garage of the owner or operator or at the recreational vehicle parking facility.

17. COMMERCIAL MOTOR VEHICLE

Motor vehicles and trailers of a type generally used in a trade or business or otherwise for commercial purposes including, without limitation, tractors, trucks, and trailers (but specifically excluding passenger automobiles, pickup trucks of one ton or less, and small vans, these being subject to paragraphs 15 and 16 above in this Exhibit "C"), shall be parked and stored at the recreational vehicle parking facility.

18. REFUSE COLLECTION

Refuse shall be deposited in closed garbage cans or sealed garbage bags and taken to the edge of the street for scheduled collection not more than twelve (12) hours before such collection is scheduled to occur. Emptied cans shall be removed from the edge of the street as soon as practicable following such collection. Except when temporarily placed at the edge of the street for scheduled collection, all garbage cans and other refuse containers shall be located in a suitable storage area not visible from the neighboring properties and streets.

19. LITTER, TRASH, GARBAGE

No vacant lot or Residential Unit lot shall be used or maintained as a dumping ground for rubbish, trash, waste materials or garbage.

20. PERMANENT BARBECUES

No permanent barbecues are permitted in front yards.

21. ACTIVITIES

No noxious or offensive activity shall be carried on upon any Residential Unit lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

22. DRAINAGE

No building or other structure shall be constructed on any drainage easement as shown and reserved on any duly recorded subdivision plat covering all or any portion of the Properties unless (i) such building or structure shall not obstruct the normal drainage flow intended to be protected by such easement, and (ii) permission to build such building or structure is first obtained from the holder of such easement and from the NCC.

STATE OF TEXAS

COUNTY OF DENTON

COUNTY CLERK, Denton County, Texas

I hereby certify that this instrument was filed on the
date and time stamped hereon by me and was duly re-
corded in the volume and page of the named records
of Denton County, Texas as stamped hereon by me.

JAN 25 1984



May Jo Hill

COUNTY CLERK, Denton County, Texas

REAL PROPERTY RECORDS

1122-081

AMENDMENT OF JUNE 29, 1984, TO DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR HIGHLAND SHORES OWNERS' ASSOCIATION, INC.

1122-081

This Amendment to Declaration of Covenants, Conditions, and Restrictions (the "Amendment") is made this 29th day of June, 1984, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas, (hereinafter referred to as "Declarant");

WITNESSETH:

WHEREAS, on or about January 25, 1984, Declarant filed that one certain Declaration of Covenants, Conditions and Restrictions for Highland Shores Owners' Association, Inc., which is recorded in Volume 1330, Page 46, et seq. of the Real Property Records of Denton County, Texas (the "Declaration") which Declaration affects the property described in Exhibit "A" attached thereto which is the same property affected by this Amendment to the Declaration as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (the "Properties"); and

WHEREAS, as there has been no sale of the first Residential Unit, Declarant may unilaterally amend the Declaration; and

WHEREAS, Declarant desires to amend Exhibit "C" to the Declaration;

NOW, THEREFORE, Declarant hereby declares that all the Properties described in Exhibit "A" in the Declaration and any additional property as may by subsequent amendment be added and subjected to the Declaration as amended hereby shall be held, sold, and conveyed subject to the following restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of and which shall run with the real property subject to the Declaration as amended hereby and which shall be binding on all parties having any right, title, or interest in the described Properties or any part thereof, their heirs, successors, successors in title, and assigns, and shall inure

7-11-84

to the benefit of each owner hereof. Exhibit "C" to the Declaration is hereby amended to add the following paragraph:
"23. MOBILE HOMES. No mobile home shall be parked, stored, or placed permanently or semi-permanently upon any part of the Properties with the exception of not more than one such mobile home which may be maintained on the Properties by Declarant for the purposes of a sales or construction office subject to New Construction Committee approval and which shall be removed from the Properties upon completion of development."

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration this 29th day of June, 1984.

HIGHLAND SHORES, INC., a Delaware Corporation

By: Fairfield P. Day, Jr.
FAIRFIELD P. DAY, JR.
President

THE STATE OF TEXAS §
COUNTY OF DENTON §

This instrument was acknowledged before me this 29th day of June, 1984, by FAIRFIELD P. DAY, JR., President of HIGHLAND SHORES, INC., a Delaware corporation, on behalf of said corporation.



Aiken Ann Underwood
Notary Public in and for Said State

My Commission Expires:
2-26-85

1442-00

EXHIBIT "A"

AMENDMENT OF JUNE 29, 1984, TO
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
For
HIGHLAND SHORES OWNERS ASSOCIATION

LAND INITIALLY SUBMITTED

All of that certain real property located in the City of Highland Village, Denton County, Texas, described as follows:

Lots 1 through 36 in Block A, Lots 1 through 14 in Block B, Lots 1 through 3 in Block C, Lots 1 through 27 in Block D, Lots 1 through 16 in Block E, Lots 1 through 9 in Block F, Common Green #'s 1 through 5, and all reversionary interest, if any, in Highland Shores Blvd., Highland Village Road, Moran Drive, Ranney Drive, Catlin Circle, Catlin Terrace, Remington Drive and Catesby Place which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase I", recorded in Cabinet C, Pages 275-277 of the Map and Plat Records of Denton County, Texas, on January 18, 1984.

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UNIT 14 (CUB) Faculty Department
UNIVERSITY OF ALABAMA, Political Science Dept
1 North College Street, Tallahassee, FL 32306
Date of Birth: 20 April 1934
Grade: 1st Year
Number of Credits: 12
Number of Hours: 36

JUN 29 1954



W. J. ...

UNIVERSITY OF ALABAMA, Tallahassee, Florida

.....

13 JUN 29 1954

1611-451

1949

AFTER RECORDING RETURN TO:
Fr. Ed White
Post Office Box 30104
Dallas, Texas 75230

THE FIRST PART

AMENDMENT OF APRIL 9, 1949, TO DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR HIGHLAND SHORES OWNERS ASSOCIATION

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (the "Amendment") is made this 9th day of April, 1949, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas, (hereinafter referred to as "Declarant");

WITNESSETH:

DECLARANT is presently the owner of certain real property described below in this Amendment, designated as Highland Shores Phase 11-A, Highland Shores Phase 11-B, and Highland Shores Phase 11-C (collectively, the "Properties"), all as located in the City of Highland Village, County of Denton, State of Texas; and

DECLARANT, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded in Volume 1310, Page 46, et. seq., of the Real Property Records of Denton County, Texas (the "Declaration"), and amended by instrument dated June 29, 1944, recorded in Volume 1415, Page 231, et. seq., of said Real Property Records, Declarant has the unilateral right, privilege, and option at any time until the year 1951, to subject to the provisions of the Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation ("Association"), all of the Properties by filing in the Public Records of Denton County, Texas, an amendment to the Declaration amending the Properties and

1311-452

WHEREAS, Declarant now desires to amend the Declaration to amend and subject the Properties to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority;

NOW, THEREFORE, Declarant declares that all of the following described Properties are hereby amended and made subject to the Declaration and the jurisdiction of the Association:

All that certain real property located in the City of Highland Village, Denton County, Texas, described as follows:

Lots 1 through 20 in Block 2A, Lots 1 through 16 in Block 2B, Lot 1 in Block 2C, Lots 1 through 3 in Block 2D, Common Green No. 6, and all reversionary interest, if any, in Craig Circle and Lexington Drive which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase II-1", recorded in Cabinet E, pages 49-50, of the Map and Plat Records of Denton County, Texas, on March 28, 1983.

Lots 1 through 3 in Block 2E, Lots 1 through 11 in Block 2F, Common Green Nos. 7 and 8, and all reversionary interest, if any, in Lexington Terrace and Lexington Drive which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase II-2", recorded in Cabinet F, pages 51-52, of the Map and Plat Records of Denton County, Texas, on March 28, 1983.

Lots 1 through 21 in Block 2G, Lots 1 through 6 in Block 2H, Lots 1 through 9 in Block 2J, Lots 1 through 14 in Block 2K, Lots 1 through 11 in Block 2L, Lots 1 and 2 in Block 2M, Lots 1 through 3 in Block 2N, Lots 1 through 13 in Block 2O, Lot 1 in Block 2P, Common Green Nos. 9 through 13 (including without limitation 12-4 and 12-5), and all reversionary interest, if any, in Sandburg Place, Lantier Way, Longfellow Drive, Oak Forest Drive, Whittier Street, Whittier Court, and Dickinson Drive which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase II-3", recorded in Cabinet E, pages 53-54, of the Map and Plat Records of Denton County, Texas, on March 28, 1983.

1611-453

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration as of the date first written above.

NICHOLAS SMOLES, INC., a Delaware Corporation

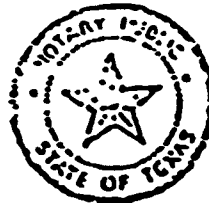
By: Fairfield P. Day, Jr.
FAIRFIELD P. DAY, JR.
President

THE STATE OF TEXAS §
COUNTY OF DENTON §

This instrument was acknowledged before on this 11 day of July, 1983, by FAIRFIELD P. DAY, JR., President of NICHOLAS SMOLES, INC., a Delaware corporation, on behalf of said corporation.

[Signature]
Notary Public in and for said State

By Commission Expires
LUCILLE A. JACOBY
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES 1989



AMENDMENT OF MARCH 24, 1986, TO DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR HIGHLAND SHORES OWNERS ASSOCIATION

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (the "Amendment") is made this 24th day of March, 1986, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas (hereinafter referred to as "Declarant");

W I T N E S S E T H :

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded in Volume 1330, Page 46, et seq. of the Real Property Records of Denton County, Texas (the "Declaration"), as amended by instrument dated June 29, 1984, recorded in Volume 1433, Page 691, et seq. of said Real Property Records, and by instrument dated April 9, 1985, recorded in Volume 1611, Page 451 et seq. Real Property Records, Denton County Texas, Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject the provisions of the Declaration to the jurisdiction of Highland Shores Owners Association, Inc., a Texas non-profit corporation ("Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority;

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:

All that certain 77.886 acre tract platted as Highland Shores, Phase III, Section B, an addition to the City of Highland Village, Texas, according to the plat thereof, recorded in Cabinet "F", Page 63, Plat Records, Denton County, Texas, and as further described by metes and bounds on Exhibit A, attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment as of the date first written above.

HIGHLAND SHORES, INC., a Delaware Corporation

By: James L. Pabich, Jr.
JAMES L. PABICH,
Vice President

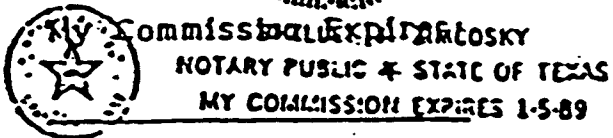
STATE OF TEXAS §
COUNTY OF DENTON §

This instrument was acknowledged before me this 24th day of March 1986, by JAMES L. PABICH, Vice President of HIGHLAND SHORES, INC., a Delaware Corporation, on behalf of said corporation.



Shelley J. Zimcsky
Notary Public, State of Texas
Notary's Printed Name:

Shelley J. Zimcsky



AFTER RECORDING RETURN TO:
Mr. David T. Buckingham
Post Office Box 50100
Dallas, Texas 75250

Whereas Highland Shores, Inc. is the owner of a tract of land situated in the City of Highland Village, Denton County, Texas, part of the E.T. Clary Survey, Abstract No. 248, and the F. Hyatt Survey, Abstract No. 559, and being part of Tracts 12 and 1, in deed to Mobil Oil Estates, recorded in Volume 103, Page 137, Deed Records of Denton County, Texas, and being more particularly described by metes and bounds as follows:

BEGINS in the center of Highland Village Road, said point also being the southeast corner of Highland Shores, Phase I, an addition to the City of Highland Village, Denton County, Texas, as recorded in Cabinet C, Page 375, Plat Records of Denton County, Texas.

THENCE South $10^{\circ}10'54''$ West, 274.68 feet to a point for corner in the center of Highland Village Road, said corner being the northeasterly corner of Highland Shores, Phase II-C, recorded in Cabinet E, Page 53, Deed Records, Denton County, Texas.

THENCE South $89^{\circ}41'38''$ West, along the north line of said Phase II-C, said line being in common with the south line of a 230-foot Texas Power & Light easement of record in Volume 1019, Page 914, Deed Records, Denton County, Texas, 1596.68 feet to an iron rod found for the northwesterly corner of the aforesaid Phase II-C;

THENCE South $43^{\circ}42'54''$ West, along the northwesterly line of said Phase II-C, 16.57 feet to a 1/2-inch iron rod found for corner;

THENCE South $51^{\circ}38'19''$ West, continuing along said northwesterly line, 1425.53 feet to an iron rod being on the arc of a curve to the right on the northwesterly right-of-way of the Gulf, Colorado, and Santa Fe Railroad (150' wide), as previously described as Second Tract, recorded in Volume 440, Page 215, Deed Records, Denton County, Texas;

THENCE in a northwesterly direction and along the arc of said curve to the right, having a radial bearing of North $33^{\circ}24'48''$ East, a delta angle of $01^{\circ}05'46''$, a radius of 9092.20 feet, at 27.47 feet past the most southerly southeast corner of said 230-foot Texas Power & Light easement, continuing for a total arc distance of 173.93 feet to a set iron rod for the end of said curve, said point being on a line common to said easement and said right-of-way;

THENCE North $54^{\circ}43'54''$ West, along said common line 997.25 feet to a set iron rod;

THENCE along the most westerly northwesterly line of the herein described tract the following three (3) courses:

North $42^{\circ}28'24''$ East, 599.95 feet to a set iron rod;

North $39^{\circ}30'31''$ East, 178.92 feet to a set iron rod;

North $24^{\circ}21'13''$ East, 533.76 feet to a set iron rod, said iron rod being on the south line of a 50-foot Arco pipeline right-of-way of record in Volume 812, Page 111, Deed Records, Denton County, Texas;

THENCE South $64^{\circ}09'43''$ East, along said south right-of-way, 302.06 feet to an iron rod set for corner.

THENCE North $62^{\circ}22'14''$ East, 82.14 feet to a set iron rod.

THENCE South $64^{\circ}09'43''$ East, 19.77 feet to a set iron rod;

THENCE North $25^{\circ}30'17''$ East, 68.00 feet to a set iron rod.

THENCE South $64^{\circ}09'43''$ East, 286.43 feet to an iron rod set for corner on the northwesterly right-of-way of a proposed 30-foot wide street;

THENCE along said proposed northwesterly right-of-way line, the following three (3) courses:

North $58^{\circ}53'40''$ East, 39.68 feet to an iron rod set for the beginning of a curve to the left.

Along the arc of said curve to the left, having a delta angle of $41^{\circ}00'00''$, a radius of 175.00 feet and an arc length of 134.39 feet to a set iron rod;

North $14^{\circ}33'40''$ East, 159.19 feet to a iron rod set for corner, said corner being the point of intersection of said northwesterly right-of-way and the south right-of-way line of Highland Shores Boulevard, a proposed 30-foot wide street;

THENCE North $35^{\circ}06'20''$ West, along said south right-of-way, 25.00 feet to a set iron rod;

THENCE North $14^{\circ}52'40''$ East, 70.00 feet to a set iron rod, on the north line of of said proposed 70-foot right-of-way;

THENCE South $75^{\circ}06'20''$ East, along said north right-of-way line, 176.13 feet to a set iron rod for the beginning of a curve to the left;

THENCE in an easterly direction and along the arc of said curve to the left, having a delta angle of $27^{\circ}10'20''$, a radius of 1163.00 feet, and an arc distance of 332.51 feet to a set iron rod for the end of said curve;

THENCE North $77^{\circ}43'20''$ East, along said north right-of-way line, 309.81 feet to a found iron rod for the westerly most southwest corner of Highland Shores, Phase II-B, recorded in Cabinet E, Page 53, Deed Records, Denton County, Texas;

THENCE North $80^{\circ}51'37''$ East, along a line common to said north right-of-way line and said Phase II-B, 48.08 feet to an iron rod found for the west corner of said Highland Shores, Phase I;

THENCE along the southwesterly line of said Phase I, the following three (3) courses:

South $25^{\circ}53'35''$ East, 364.74 feet to a found iron rod;

South $62^{\circ}00'41''$ East, 892.01 feet to a found iron rod;

THENCE North $89^{\circ}43'10''$ East, 140.05 feet to the center of Highland Village Road and the POINT OF BEGINNING and containing 77.886 acres of land.

July, 1985
 Job No. 617-107
 MSB 11d-11.12

COUNTY OF DENVER
COUNTY CLERK, DENVER COUNTY, COLORADO
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED ON THE
DATE AND TIME STAMPED HEREON BY ME AND WAS DULY RECORDED
IN THE VOLUME AND PAGE OF THE RECORD RECORDED
AT DENVER COUNTY, COLORADO AS STAMPED HEREON BY ME.
MAR 25 1986

Henry J. Spivey
COUNTY CLERK, DENVER COUNTY, COLORADO

110230
FILED

MAR 25 1986

REAL PROPERTY RECORDS

15357

CORRECTION TO AMENDMENT OF MARCH 24, 1986,
TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION

This Correction of Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (the "Corrective Instrument") is made as of the 26th day of November, 1986, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas (hereinafter referred to as "Declarant");

W I T N E S S E T H:

WHEREAS, as of November 26, 1986, Declarant was the owner of certain real property described below in this Corrective Instrument (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded at Volume 1330, Page 46 of the Real Property Records of Denton County, Texas (the "Declaration"), as amended by instrument dated June 29, 1984, recorded at Volume 1433, Page 691 of the Real Property Records of Denton County, Texas, by instrument dated April 9, 1985, recorded at Volume 1611, Page 451 of the Real Property Records, Denton County, Texas, and by instrument dated February 4, 1987 and recorded in the Real Property Records, Denton County, Texas, Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject to the provisions of the

Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation ("Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority;

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:

All that certain real property situated in Highland Shores, Phase III, Section B, an addition to the City of Highland Village, Texas, according to the replat thereof, recorded in Cabinet "F", Pages 354-355, Plat Records, Denton County, Texas, filed on November 25, 1986.

This Corrective Instrument is made in place of and as an instrument of correction of the instrument entitled Amendment of March 24, 1986, to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association ("Amendment") executed by Declarant, dated March 24, 1986, and recorded at Volume 1847, Page 836 of the Real Property Records, Denton County, Texas, in order to reference the replat of the Property as recorded at Cabinet "F", Pages 354-455, Plat Records, Denton County, Texas, and in all other respects confirming the Amendment.

HIGHLAND SHORES, INC., a
Delaware corporation

By: *F.P. Day, Jr.*
FAIRFIELD P. DAY, JR.
President

STATE OF TEXAS §
 §
COUNTY OF DENTON §

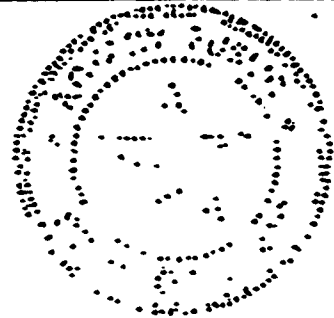
This instrument was acknowledged before me on this 17th
day of March, 1987 by FAIRFIELD P. DAY, JR., President of
HIGHLAND SHORES, INC., a Delaware corporation, on behalf of said
corporation.

Shelley J. Zimosky
Notary Public, State of Texas
Notary's Printed Name:
Shelley J. Zimosky

My Commission Expires:



SHELLEY J. ZIMOSKY
NOTARY PUBLIC - STATE OF TEXAS
MY COMMISSION EXPIRES 1-5-89



AFTER RECORDING TO:

Beth Pace Baker
Post Office Box 50100
Dallas, Texas 75250

AMENDMENT OF FEBRUARY 4, 1987 TO DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR
HIGHLAND SHORES OWNERS' ASSOCIATION

REAL PROPERTY RECORDS

8029

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners' Association (the "Amendment") is made as of the 4th day of February, 1987 by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas (hereinafter referred to as "Declarant");

WITNESSETH:

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners' Association, recorded in Volume 1330, Page 46, et seq. of the Real Property Records of Denton County, Texas (the "Declaration") as amended by instrument dated June 29, 1984, recorded in Volume 1433, Page 691, et seq. of said Real Property Records, and further amended by instrument dated April 9, 1985, recorded in Volume 1611, Page 451 et seq. of said Real Property Records, Denton County, Texas, Declarant has the unilateral right, privilege, and option at any time until the year 2003 to subject all property owned by Declarant to the provisions of the Declaration and to the jurisdiction of the Highland Shores Owners' Association, Inc., a Texas non-profit corporation (the "Association"), by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and

the jurisdiction of the Association pursuant to such authority;

NOW THEREFORE, Declarant hereby declares that all the following described property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association;

Being all of Lot 1, Block CF, Highland Shores Phase III, Section B, an addition to the City of Highland Village as replatted according to the Plat filed in File 71088, Cabinet F, Pages 354-355 of the Map and Plat Records of Denton County, Texas.

IN WITNESS WHEREOF, THE UNDERSIGNED DECLARANT HAS EXECUTED THIS AMENDMENT AS OF FEBRUARY 4th, 1987.

HIGHLAND SHORES, INC.,
a Delaware corporation

By: F.P. Day, Jr.
Fairfield P. Day, Jr., President

STATE OF TEXAS S

COUNTY OF DENTON S

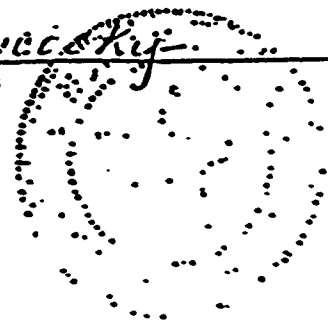
This instrument was acknowledged before me this 6th day of February 1987, by Fairfield P Day, Jr., President of Highland Shores, Inc., a Delaware corporation, on behalf of said corporation.

 Shelley J. Zimocksky
NOTARY PUBLIC, STATE OF TEXAS

 Shelley J. Zimocksky
Notary's Printed Name



SHELLEY J. ZIMOCKSKY
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES 12-1-88



My Commission Expires

AFTER RECORDING, RETURN TO:

W. Edward Walts, II
Strasburger & Price
4300 InterFirst Plaza
901 Main Street, LB 175
Dallas, Texas 75250

APPROVED AND CONSENTED TO:



Deanna L. Seal, Individually
and d/b/a DKH Academy

11

7

8029

FILED FOR RECORD

87 FEB - 92 AM 8:54

County Clerk, Danion County, TEX.

By: *[Signature]* County Clerk

95

VOL 2083 PAGE

2083/92

COUNTY OF DENION

STATE OF TEXAS

COUNTY CLERK, Denion County, Texas

hereby certify that the instrument was filed for record on the date and time stated hereon by the official recorded in the records of Denion County, Texas as stamped hereon by me.

FEB 9 1987

[Signature]



COUNTY CLERK, Denion County Texas

AMENDMENT OF APRIL 15, 1987
TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION

This Amendment of Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (the "Corrective Instrument") is made as of the 15th day of April, 1987, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas (hereinafter referred to as "Declarant");

W I T N E S S E T H:

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment, designated as Highland Shores Phase 4P (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded at Volume 1330, Page 46 of the Real Property Records of Denton County, Texas (the "Declaration"), as amended by instrument dated June 29, 1984, recorded at Volume 1433, Page 691 of the Real Property Records of Denton County, Texas, by instrument dated April 9, 1985, recorded at Volume 1611, Page 451 of the Real Property Records, Denton County, Texas, by instrument dated March 24, 1986, recorded at Volume 1847, Page 836 of the Real Property Records, Denton County, Texas, and by instrument dated February 4, 1987 and recorded in the Real Property Records, Denton County, Texas, and

as corrected by instrument dated as of November 26, 1986 and recorded in Volume 2107, Page 101 of the Real Property Records, Denton County, Texas, Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject to the provisions of the Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation ("Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority;

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:

All that certain real property situated in the City of Highland Village, Denton County, Texas, described as follows:

Lots 1 through 18 in Block DA, Lots 1 through 9 in Block DB, Lots 1 through 19 in Block DC, Lots 1 through 3 in Block DD, Lots 1 through 4 in Block DE, lots 1 through 17 in Block DF, Lots 1 through 13 in Block DG, Lots 1 and 2 in Block DH, Lot 1 in Block DI, Common Green numbers 17 through 22, and all reversionary interest, if any, in Hidden Oak Court, Glen Ridge Drive, Rosedale Street, Park View, Timber Crest Lane, and Highland Shores Boulevard which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase 4", recorded in Cabinet G, Pages 55 through 57, Plat Records, Denton County, Texas on April 9, 1987.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration as of the date first above written. **Vol. 2138:336**

HIGHLAND SHORES, INC.,
a Delaware corporation

By: *F.P. Day, Jr.*
FAIRFIELD P. DAY, JR.
President

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on this 21st day of April, 1987 by FAIRFIELD P. DAY, JR., President of HIGHLAND SHORES, INC., a Delaware corporation, on behalf of said corporation.

Sharon T. Zimbeck
Notary Public, State of Texas
Notary's Printed Name:
Sharon T. Zimbeck

My Commission Expires
NOTARY PUBLIC - STATE OF TEXAS
MY COMMISSION EXPIRES 1-1-89



AFTER RECORDING TO:
Beth Pace Baker
Post Office Box 50100
Dallas, Texas 75250

BPB/6/04-09
59137-102

53271

AMENDMENT OF SEPTEMBER 28, 1987,
TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (the "Amendment") is made as of the 28th day of September, 1987, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas (hereinafter referred to as "Declarant");

W-I-T-N-E-S-S-E-T-H:

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment designated as Highland Shores Phase 4-L (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS; pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded at Volume 1330, Page 46 of the Real Property Records of Denton County, Texas (the "Declaration"), as amended by instrument dated June 29, 1984, recorded at Volume 1433, Page 691 of the Real Property Records of Denton County, Texas, by instrument dated April 9, 1985, recorded at Volume 1611, Page 451 of the Real Property Records, Denton County, Texas, by instrument dated March 24, 1986, recorded at Volume 1847, Page 836 of the Real Property Records, Denton County, Texas, by instrument dated February 4, 1987 and recorded in the Real Property Records, Denton County, Texas, by instrument dated April 15, 1987, recorded at Volume 2138, Page 934 of the Real Property Records, Denton County, Texas, and as corrected by

instrument dated as of November 26, 1986 and recorded in Volume 2107, Page 101 of the Real Property Records, Denton County, Texas, Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject to the provisions of the Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation ("Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and.

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority;

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:

All that certain real property situated in the City of Highland Village, Denton County, Texas, described as follows:

Lots 1 through 11 in Block EA, and Lots 1 through 9 in Block EB, Common Green number 23, and all reversionary interest, if any, in Remington Drive, which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase 4-L," recorded in Cabinet "G," Slide 155, Plat Records, Denton County, Texas.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration as of the date first above written.

HIGHLAND SHORES, INC., a Delaware corporation

By: [Signature]
FAIRFIELD P. DAY, JR.
President

STATE OF TEXAS

COUNTY OF DENTON

This instrument was acknowledged before me on this 20th day of September, 1987 by FAIRFIELD P. DAY, JR., President of HIGHLAND SHORES, INC., a Delaware corporation, on behalf of said corporation.

[Signature]
Notary Public, State of Texas
Notary's Printed Name:

[Signature]

My Commission Expires:
SHELLEY J. ZIMOSKY
NOTARY PUBLIC & STATE OF TEXAS
My Commission Expires: 1989

AFTER RECORDING TO:

Beth Pace Baker
Post Office Box 50100
Dallas, Texas 75250



STATE OF TEXAS §
COUNTY OF DENTON §

REAL PROPERTY RECORDS

AMENDMENT OF FEBRUARY 11, 1988
TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION 3967

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (this "Amendment") is made as of the 11th day of February, 1988, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas ("Declarant");

W I T N E S S E T H :

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment designated as Highland Shores Phase 5-L (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded at Volume 1330, Page 46 of the Real Property Records of Denton County, Texas (the "Declaration"), as amended by instrument dated June 29, 1984, recorded at Volume 1433, Page 691 of the Real Property Records of Denton County, Texas, by instrument dated April 9, 1985, recorded at Volume 1611, Page 451 of the Real Property Records, Denton County, Texas, by instrument dated March 24, 1986, recorded at Volume 1847, Page 836 of the Real Property Records, Denton County, Texas, by instrument dated February 4, 1987 and recorded in the Real Property Records, Denton County, Texas, by instrument dated April 15, 1987, recorded at Volume 2138, Page 934 of the Real Property Records, Denton County, Texas, and by instrument dated September 28, 1987, recorded at Volume 2250, Page 003 of the Real Property Records, Denton County, Texas, and as corrected by instrument dated as of November 26, 1986 and recorded in Volume 2107, Page 101 of the Real Property Records, Denton County, Texas, Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject to the provisions of the Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation (the "Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority.

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:

All of that certain real property situated in the City of Highland Village, Denton County, Texas described as follows:

Lots 12 through 26 in Block EA, Lots 10 through 44 in Block EB, Lots 1 through 19 in Block EC, Lots 1 through 10 in Block ED, Common Green numbers 26 and 27, and all reversionary interest, if any, in Bierstadt Drive, Leigh Court and Remington Drive, which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase 5-L," recorded in Cabinet "G", Pages 248-250, Plat Records, Denton County, Texas.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration as of the date first above written.

HIGHLAND SHORES, INC.,
a Delaware corporation

By: SPC

FAIRFIELD P. DAY, JR.,
President

STATE OF TEXAS §
 §
COUNTY OF DENTON, §

This instrument was acknowledged before me on this 21st day of June, 1988 by FAIRFIELD P. DAY, JR., President of HIGHLAND SHORES, INC., a Delaware corporation, on behalf of said corporation.

[Handwritten Signature]

Notary Public, State of Texas
Notary's Printed Name:
HELEN J. ZIMMERMAN

My Commission Expires:
[Circular Notary Seal]
SHELETT J. ZIMCOCKY
NOTARY PUBLIC - STATE OF TEXAS
MY COMMISSION EXPIRES 1-3-92

AFTER RECORDING RETURN TO:

Beth Pace Baker
P. O. Box 50100
Dallas, Texas 75250

BPB6
060188
59137-102
bpb/AmndmtDCCR6/2

K 245/90 JLT WJ. 06

STATE OF TEXAS
COUNTY OF DENTON

§
§
§

REAL PROPERTY RECORDS

27365

AMENDMENT OF JUNE 2, 1988
TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (this "Amendment") is made as of the 2nd day of June, 1988, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas ("Declarant");

W I T N E S S E T H :

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment designated as Highland Shores Phase 5-P (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded at Volume 1330, Page 46 of the Real Property Records of Denton County, Texas (the "Declaration"), as amended by instrument dated June 29, 1984, recorded at Volume 1433, Page 691 of the Real Property Records of Denton County, Texas, by instrument dated April 9, 1985, recorded at Volume 1611, Page 451 of the Real Property Records, Denton County, Texas, by instrument dated March 24, 1986, recorded at Volume 1847, Page 836 of the Real Property Records, Denton County, Texas, by instrument dated February 4, 1987 and recorded in the Real Property Records, Denton County, Texas, by instrument dated April 15, 1987, recorded at Volume 2138, Page 934 of the Real Property Records, Denton County, Texas, by instrument dated September 28, 1987, recorded at Volume 2250, Page 003 of the Real Property Records, Denton County, Texas, and by instrument dated February 11, 1988, recorded in the Real Property Records of Denton County, Texas, and as corrected by instrument dated as of November 26, 1986 and recorded in Volume 2107, Page 101 of the Real Property Records, Denton County, Texas, Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject to the provisions of the Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation (the "Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority.

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:


All of that certain real property situated in the City of Highland Village, Denton County, Texas described as follows:

Lots 1 through 41 in Block FA, Lots 1 through 24 in Block FB and Lots 1 through 39 in Block FC, Common Green numbers 24 and 25, and all reversionary interest, if any, in Glen Ridge Drive, Sunny Point Court, Rolling View Court, Meadow Bend Court, Highland Shores Boulevard, Hill Side Drive, Creek Side Way and Creek Side Court, which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase 5-P," recorded in Cabinet "G", Pages 285-287, Plat Records, Denton County, Texas.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration as of the date first above written.

HIGHLAND SHORES, INC.,
a Delaware corporation

By: _____


FAIRFIELD P. DAY, JR.,
President

STATE OF TEXAS §
§
COUNTY OF DENTON §

This instrument was acknowledged before me on this 27th day of June, 1988 by FAIRFIELD P. DAY, JR., President of HIGHLAND SHORES, INC., a Delaware corporation, on behalf of said corporation.

[Handwritten Signature]

Notary Public, State of Texas
Notary's Printed Name:
[Handwritten Name]

My Commission Expires:
[Stamp] SHELLY J. MCCESKY
NOTARY PUBLIC - STATE OF TEXAS
MY COMMISSION EXPIRES 1-3-93

AFTER RECORDING RETURN TO:

Beth Pace Baker
P. O. Box 50100
Dallas, Texas 75250

BPB6
060188
59137-102
bpb/AmndntDCCR6/2

STATE OF TEXAS *
*
COUNTY OF DENTON *

048456

AMENDMENT OF OCTOBER 20, 1989
TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (this "Amendment") is made as of the 20th day of October, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas ("Declarant");

W I T N E S S E T H:

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment designated as Highland Shores Phase 6-P and as Highland Shores Phase 7-C West (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded at Volume 1330, Page 46 of the Real Property Records of Denton County, Texas, as subsequently amended (the "Declaration"), Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject to the provisions of the Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation (the "Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority.

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:

All of that certain real property situated in the City of Highland Village, Denton County, Texas described as follows:

A. ~~Lots 1 through 33 in Block GB, Lots 1 through 6 in Block GC, Lots 1 through 19 in Block GD, Lots 1 through 10 in Block GE, Lots 1 and 2 in Block GF, Lots 1 through 40 in Block GG, Lots 1 through 15 in Block GH, Lot 1 in Block GI, Common Green Numbers 28, 29, 30 and 31,~~ through 33 in Block GB, Lots 1 through 6 in Block GC, Lots 1 through 19 in Block GD, Lots 1 through 10 in Block GE, Lots 1 and 2 in Block GF, Lots 1 through 40 in Block GG, Lots 1 through 15 in Block GH, Lot 1 in Block GI, Common Green Numbers 28, 29, 30 and 31, and all reversionary interests, if any, in Hill Side Drive, Kingwood Court, Green Oak Court, Creek Side Way, Elm Tree Lane, Quail Ridge Court, Fernwood Court, Fernwood Drive, and Woodside Drive, which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase 6-P," recorded in Cabinet H, Pages 110-113, Plat Records, Denton County, Texas.

B. Lots 1 through 44 in Block HA, Lots 1 through 4 in Block HB, Common Green Numbers 34, 35 and 36, and all reversionary interests, if any, in Hill Side Drive, Oak Hollow ~~Drive~~, Oak Leaf Court, Timber Way and Timber Bend, which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase 7-C West", recorded in Cabinet H, Page 120-121, Plat Records, Denton County, Texas.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration as of the date first above written.

HIGHLAND SHORES, INC.
a Delaware corporation

By: SPF: cui.
FAIRFIELD P. DAY, JR.
President

STATE OF TEXAS *
*
COUNTY OF DENTON **

This instrument was acknowledged before me on this 30 day
of October, 1989 by FAIRFIELD P. DAY, JR., President of HIGHLAND
SHORES, INC., a Delaware corporation, on behalf of said
corporation.

[Signature]
Notary Public, State of Texas.

Notary's Printed Name:
[Blank Line]

XX
BY Commission Expires:
SHELLEY J. ZIMOSKY
My Commission Expires 8/2/93
XX

AFTER RECORDING RETURN TO:

Beth Pace Tiggelaar
1300 First City Center
1700 Pacific Avenue
Dallas, Texas 75201

STATE OF TEXAS §
 §
COUNTY OF DENTON §

RECORDED

11936

AMENDMENT OF MARCH 13, 1990
TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (this "Amendment") is made as of the 13th day of March, 1990 by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas ("Declarant");

W I T N E S S E T H :

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment designated as Highland Shores Phase 7-L (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded at Volume 1330, Page 46 of the Real Property Records of Denton County, Texas, as subsequently amended (the "Declaration"), Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject to the provisions of the Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation (the "Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority.

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:

All of that certain real property situated in the City of Highland Village, Denton County, Texas described as follows:

Lots 27 through 36 in Block EA, Common Green Number 37, and all reversionary interests, if any, in Remington Point, which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase 7-L", recorded in Cabinet H, Page 180-181, Plat Records, Denton County, Texas.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration as of the date first above written.

HIGHLAND SHORES, INC.
a Delaware corporation

By: [Signature]
FAIRFIELD P. DAY, JR.
President

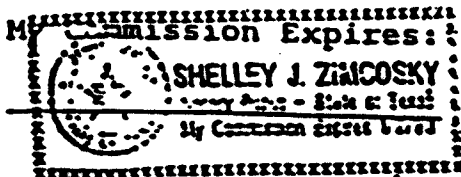
STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on this 12th day of March, 1990 by FAIRFIELD P. DAY, JR., President of HIGHLAND SHORES, INC., a Delaware corporation, on behalf of said corporation.

[Signature]
Notary Public, State of Texas

Notary's Printed Name:

Shelley T. Zimcosky



AFTER RECORDING RETURN TO:

Beth Pace Tiggelaar
1300 First City Center
1700 Pacific Avenue
Dallas, Texas 75201

REAL PROPERTY RECORDS

AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION

THIS AMENDMENT is made this 6th day of DEC,

1984;

W I T N E S S E T H

55126

WHEREAS, on January 25, 1984, Highland Shores, Inc., a Delaware corporation qualified to do business in Texas ("Declarant"), filed that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, which is recorded in Volume 1330, Page 46, et seq., of the Real Property Records of Denton County, Texas ("Declaration"); and

WHEREAS, the Declaration has been previously amended by that instrument dated June 29, 1984, and recorded in Volume 1488, Page 881, et seq., of the Real Property Records of Denton County, Texas; and

WHEREAS, pursuant to Article XIII, Section 2 of the Declaration, the Declaration may be amended by the affirmative vote (in person or by proxy) or written consent of the members of Highland Shores Owners Association, Inc. ("Association"), including a majority of the affirmative votes or written consent of members other than the Declarant; and

WHEREAS, the Association and Declarant are desirous of amending the Declaration regarding reduction of Class "B"

votes and regarding damaged or destroyed structures, in order to satisfy certain lending requirements to facilitate financing of Unit purchases; and

WHEREAS, the members of the Association holding the required majority of the total votes in the Association have given their affirmative votes or written consent to this Amendment and the required majority of members other than Declarant have given their affirmative votes or written consent to this Amendment; and

WHEREAS, the Declarant has given its written consent hereto;

NOW, THEREFORE, the Declaration, as previously amended, is hereby further amended as follows:

1.

Article III, Section 2(b) of the Declaration is amended by deleting the words "four thousand (4,000) votes" in the second sentence thereof and substituting therefor the words "three thousand (3,000) votes" and by deleting the words "equal or exceed three thousand (3,000)" in clause (i) thereof and substituting therefor the words "equal two thousand two hundred fifty (2,250)."

2.

Article V, Section 2 of the Declaration is amended by deleting the second and third sentences thereof and substituting therefor the following:

In the event that any structure(s) on the Residential Unit are damaged or destroyed and the Owner thereof elects not to restore or rebuild such structure(s), then the Owner shall remove any ruins and clear the Residential Unit of all debris and thereafter maintain the Residential Unit in a neat and attractive condition consistent with the Community-Wide Standard. Any such work shall be subject to the application of architectural control provisions of this Declaration, the By-Laws, Rules and Regulations, or other provisions or policies of the Board or applicable committee.

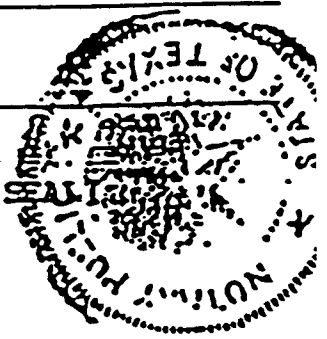
IN WITNESS WHEREOF, the undersigned officers of Highland Shores Owners Association, Inc., hereby certify that the foregoing Amendment was duly adopted by the requisite approval of the membership, as of the day and year first above written.

HIGHLAND SHORES OWNERS ASSOCIATION, INC., a Texas Corporation

By: [Signature]
President

Attest: F Vaier
Secretary

[CORPORATE SEAL]



STATE OF TEXAS

COUNTY OF DENTON

This instrument was acknowledged before me this 6th day of December, 1989, by W. K. Thurman, President of Highland Shores Owners Association, Inc., a Texas corporation, on behalf of said corporation.

[Signature]
NOTARY PUBLIC in and for the State of Texas
My Commission Expires: 12/26/92

0887G

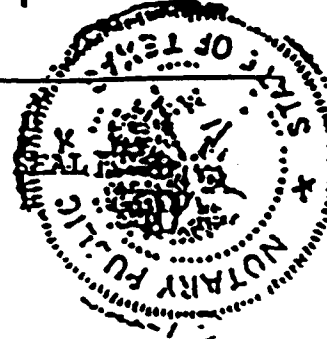
The Declarant, Highland Shores, Inc., by and through the undersigned officers; does hereby consent to and approve of the foregoing amendment to the Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, as of the day and year first above written.

HIGHLAND SHORES, INC., a Delaware corporation

By: [Signature]
President

Attest: [Signature]
Secretary

[CORPORATE SEAL]



STATE OF TEXAS

COUNTY OF DENTON

This instrument was acknowledged before me this _____ day of _____, 19____, by _____ President of Highland Shores, Inc., a Delaware corporation, on behalf of said corporation.

[Signature]
NOTARY PUBLIC in and for the State of Texas
My Commission Expires: 11/20/02

0887G

ACKNOWLEDGMENT
INCOMPLETE

AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION

THIS AMENDMENT is made this 1st day of February,
1984;

40349

W I T N E S S E T H

WHEREAS, on January 25, 1984, Highland Shores, Inc., a Delaware corporation qualified to do business in Texas ("Declarant"), filed that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, which is recorded in Volume 1330, Page 46, et seq., of the Real Property Records of Denton County, Texas ("Declaration"); and

WHEREAS, the Declaration has been previously amended by that instrument dated June 29, 1984, and recorded in Volume 1488, Page 881, et seq., of the Real Property Records of Denton County, Texas; and

WHEREAS, pursuant to Article XIII, Section 2 of the Declaration, the Declaration may be amended by the affirmative vote (in person or by proxy) or written consent of the members of Highland Shores Owners Association, Inc. ("Association"), including a majority of the affirmative votes or written consent of members other than the Declarant; and

WHEREAS, the Association and Declarant are desirous of amending the provisions of the Declaration regarding vehicles and parking; and

WHEREAS, the members of the Association holding the required majority of the total votes in the Association have given their affirmative votes or written consent to this Amendment and the required majority of members other than Declarant have given their affirmative votes or written consent to this Amendment; and

WHEREAS, the Declarant has given its written consent hereto;

NOW, THEREFORE, the Declaration, as previously amended, is hereby further amended as follows:

1.

Paragraph 15 of Exhibit "C" to the Declaration is amended by deleting that paragraph in its entirety and substituting therefore the following:

15. VEHICLE PARKING

Subject to the provisions of Paragraphs 16 and 17 in this Exhibit "C" below, all motor vehicles shall be parked in garages. Parking on lawns or on areas not designated for vehicular purposes is prohibited. Subject to any laws, rules or regulations promulgated by government authority, temporary parking along the side of streets is not permitted unless:

- (a) There is temporarily inadequate space in the garage or driveway (not caused by any permanent or regular or ongoing condition) to permit the vehicle to be parked therein; and
- (b) The vehicle owner and operator shall, whenever possible, cause the vehicle to be parked in the driveway or, if not available, in front of the Residential Unit of which the owner or operator is a resident, guest or invitee.

2.

Paragraph 16 of Exhibit "C" to the Declaration is amended by deleting that paragraph in its entirety and substituting therefor the following:

16. RECREATIONAL VEHICLES, BOATS

Boats, trailers, recreational vehicles, buses, camp rigs off truck, or boat rigging or other similar items shall not be parked or stored on any public street or right-of-way, or on any Residential Unit lot, unless such item or vehicle (i) is totally enclosed within a closed garage on the Residential Unit; or (ii) is screened from view of adjoining Residential Units, streets and the Common area with a six (6) foot high fence approved in accordance with paragraph 6 above and Article XI of the Declaration; or (iii) except and only to the extent and under such terms and conditions as otherwise may be expressly provided by the Board.

3.

Paragraph 17 of Exhibit "C" to the Declaration is amended by deleting it in its entirety and substituting therefor the following:

17. COMMERCIAL VEHICLES

No commercial vehicles shall be parked or stored on any public street or right-of-way, or on any driveway or lawn or otherwise on any Residential Unit lot, unless such commercial vehicle is totally enclosed within a closed garage on the Residential Unit; except that such commercial vehicles may be parked temporarily on the driveway of a Residential Unit lot during normal business hours solely for purposes of a business servicing that Residential Unit and only during such period of servicing. A commercial vehicle is defined as any vehicle with

commercial writing on its exterior, or any motor vehicle or trailer of a type generally used in a trade or business or otherwise for commercial purposes including, without limitation, tractors, trucks, and trailers, (but specially excluding passenger automobiles, pickup trucks of one tone or less, and small passenger vans, without commercial writings on their exteriors, these being subject to paragraphs 15 and 16 above in this Exhibit "C").

IN WITNESS WHEREOF, the undersigned officers of Highland Shores Owners Association, Inc., hereby certify that the foregoing Amendment was duly adopted by the requisite approval of the membership, as of the day and year first above written.

HIGHLAND SHORES OWNERS ASSOCIATION, INC., a Texas corporation

By: [Signature]
President

Attest: [Signature]
Secretary

[CORPORATE SEAL]

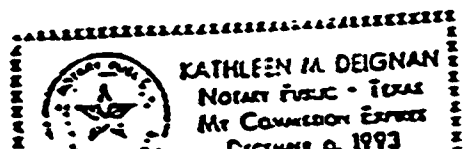
STATE OF TEXAS

COUNTY OF DENTON

This instrument was acknowledged before me this 14 day of August, 1987, by [Signature], President of Highland Shores Owners Association, Inc., a Texas corporation, on behalf of said corporation.

[Signature]
NOTARY PUBLIC in and for the State of Texas
My Commission Expires: 2/3/97

23980



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The Declarant, Highland Shores, Inc., by and through the undersigned officers, does hereby consent to and approve of the foregoing amendment to the Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, as of the day and year first above written.

HIGHLAND SHORES, INC., a Delaware corporation

By:

[Signature]
President

Attest:

[Signature]
Secretary

[CORPORATE SEAL]

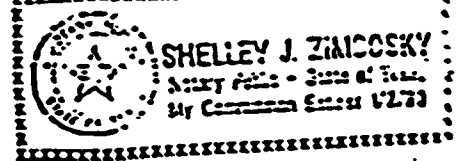
STATE OF TEXAS

COUNTY OF DENTON

This instrument was acknowledged before me this 24th day of August, 1961, by [Signature], President of Highland Shores, Inc., a Delaware corporation, on behalf of said corporation.

[Signature]
NOTARY PUBLIC in and for the State of Texas
My Commission Expires

23980



STATE OF TEXAS §
COUNTY OF DENTON §

46615

AMENDMENT OF SEPTEMBER 26, 1990
TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (this "Amendment") is made as of the 26th day of September, 1990 by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas ("Declarant");

W I T N E S S E T H:

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment designated as Highland Shores Phase 7-C East (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded at Volume 1330, Page 46 of the Real Property Records of Denton County, Texas, as subsequently amended (the "Declaration"), Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject to the provisions of the Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation (the "Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority.

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:

All of that certain real property situated in the City of Highland Village, Denton County, Texas described as follows:

Lots 1 through 8 in Block HC, Lots 1 through 18 in Block HD, Lots 1 through 23 in Block HE, Common Green Numbers 37, 38 and 39 and all reversionary interests, if any, in Timber Crest, Hawthorn Circle and Chaparral Court, which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that

certain subdivision plat captioned "Highland Shores Phase 7-C East", recorded in Cabinet H, Page 243-244, Plat Records, Denton County, Texas.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration as of the date first above written.

HIGHLAND SHORES, INC.
a Delaware corporation


By: [Signature]
Printed Name: Shelley J. Zimcosky
Title: President

STATE OF TEXAS §
 §
COUNTY OF DENTON §

This instrument was acknowledged before me on this 21st day of October, 1990 by Shelley J. Zimcosky, President of HIGHLAND SHORES, INC., a Delaware corporation, on behalf of said corporation.

[Signature]
Notary Public, State of Texas

Notary's Printed Name:
Shelley J. Zimcosky

My Commission Expires:
SHELLEY J. ZIMCOSKY
Notary Public - State of Texas
My Commission Expires 12/31/93

AFTER RECORDING RETURN TO:

Beth Pace Tiggelaar
1300 First City Center
1700 Pacific Avenue
Dallas, Texas 75201

REAL PROPERTY RECORDS

STATE OF TEXAS §
COUNTY OF DENTON §

43048

AMENDMENT OF AUGUST 16, 1991
TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (this "Amendment") is made as of the 16th day of August, 1991, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas ("Declarant");

W I T N E S S E T H:

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment designated as Highland Shores Phase 8-E and as Highland Shores Phase 8-P (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded at Volume 1330, Page 46 of the Real Property Records of Denton County, Texas, as subsequently amended (the "Declaration"), Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject to the provisions of the Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation (the "Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority.

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:

All of that certain real property situated in the City of Highland Village, Denton County, Texas described as follows:

- A. Lots 1 through 9 in Block IA and Lots 1 through 3 in Block IB, Common Green Numbers 40 and 41 and all reversionary interests, if any, in Highland Shores Boulevard and Lake Cove, which may exist

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after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase 8-E," recorded in Cabinet H, Pages 367-368, Plat Records, Denton, County, Texas.

B. Lots 1 through 11 in Block JC, Lots 1 through 29 in Block JD, Lots 1 through 24 in Block JE, Lots 1 through 28 in Block JF, Lots 1 through 9 in Block JG, Lots 1 through 20 in Block JH, Lots 1 through 9 in Block JJ, Common Green Numbers 42, 43, 44, 45, 46, and 47, and all reversionary interests, if any, in Woodside Court, Woodside Drive, Kingwood Circle, Crown Court, Hillside Court, Future Road, Queens Court, and Knoll Court, which may exist after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase 8-P," recorded in Cabinet H, Pages 364-366, Plat Records, Denton County, Texas.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration as of the date first above written.

HIGHLAND SHORES, INC.,
a Delaware corporation

By: 

L. T. MIDTBO

Executive Vice President

STATE OF TEXAS §
COUNTY OF DENTON §

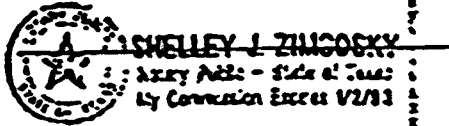
This instrument was acknowledged before me on this 22nd day of August, 1991, by L. T. Midtbo, Executive Vice President of HIGHLAND SHORES, INC., a Delaware corporation, on behalf of said corporation.

Shelley J. Zimcosky
Notary Public, State of Texas

Notary's Printed Name:

SHELLEY J. ZIMCOSKY

My Commission Expires:



AFTER RECORDING RETURN TO:
Gregg C. Krumme, Esq.
Strasburger & Price
4300 NCNB Plaza
901 Main Street
Dallas, Texas 75202

3103 PG0376

STATE OF TEXAS
COUNTY OF DENTON

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§
REAL PROPERTY RECORDS

58677

**AMENDMENT OF NOVEMBER 18, 1991
TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION**

This Amendment to Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (this "Amendment") is made as of the 18th day of November, 1991, by Highland Shores, Inc., a Delaware corporation, qualified to do business in Texas ("Declarant");

W I T N E S S E T H:

WHEREAS, Declarant is presently the owner of certain real property described below in this Amendment designated as Highland Shores Phase 8-L (the "Property"), all as located in the City of Highland Village, County of Denton, State of Texas; and

WHEREAS, pursuant to Article VIII, Section 1, of that certain Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association, recorded at Volume 1330, Page 46 of the Real Property Records of Denton County, Texas, as subsequently amended (the "Declaration"), Declarant has the unilateral right, privilege, and option at any time until the year 2003, to subject to the provisions of the Declaration and the jurisdiction of Highland Shores Owners Association, Inc., a Texas nonprofit corporation (the "Association"), all of the Property by filing in the Deed Records of Denton County, Texas, an amendment to the Declaration annexing the Property; and

WHEREAS, Declarant now desires to amend the Declaration to annex and subject the Property to the provisions of the Declaration and the jurisdiction of the Association pursuant to said authority.

NOW, THEREFORE, Declarant hereby declares that all of the following described Property is hereby annexed and made subject to the Declaration and the jurisdiction of the Association:

All of that certain real property situated in the City of Highland Village, Denton County, Texas described as follows:

- Lots 12 and 13 in Block IL, Lots 1 through 10 in Block JK, Lots 14 through 16 in Block JL, Lots 1 through 11 in Block JM, Lots 1 through 27 in Block JN, Lots 1 through 3 in Block JP, Lots 1 through 31 in Block JQ, Lots 1 through 7 in Block JR, Common Green Numbers

48 through 52, and all reversionary interests, if any, in Highland Shores Boulevard, Hillside Drive, Lakeside Drive, Greenway Court, Lakewood Court, Woodhollow Drive, Woodhollow Court, Oakwood Court, Woodhaven Drive, Parkside Court and Woodhaven Court after such roadways have been accepted for dedication by the City of Highland Village, Texas, all as set forth on that certain subdivision plat captioned "Highland Shores Phase 8-L," recorded in Cabinet I, Pages 3-5 of the Plat Records of Denton County, Texas.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Amendment to the Declaration as of the date first above written.

HIGHLAND SHORES, INC.,
a Delaware corporation

By: [Signature]
L. T. MIDTBO
Executive Vice President

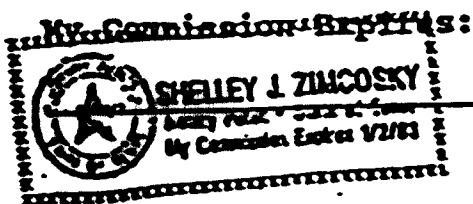
STATE OF TEXAS S
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COUNTY OF DENTON S

This instrument was acknowledged before me on this 18th day of November, 1991, by L. T. Midtbo, Executive Vice President of HIGHLAND SHORES, INC., a Delaware corporation, on behalf of said corporation.

[Signature]
Notary Public, State of Texas

Notary's Printed Name:

SHELLEY J. ZIMCOSKY



AFTER RECORDING RETURN TO:
Beth Pace Tiggelaar, Esq.
Strasburger & Price
4300 NCMB Plaza
901 Main Street
Dallas, Texas 75202

**RESOLUTION OF THE BOARD OF DIRECTORS OF HIGHLAND
SHORES OWNERS ASSOCIATION, INC. DATED OCTOBER 20, 2003
APPROVING AMENDMENT TO EXHIBIT 'C' OF THE
DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR HIGHLAND SHORES OWNERS ASSOCIATION**

This Amendment to Exhibit "C" of the Declaration of Covenants, Conditions, and Restrictions for Highland Shores Owners Association (this "Amendment") is made as of the 20th day of October, 2003, by the Board of Directors (the "Board") of Highland Shores Owners Association, Inc. (the "Association").

WITNESSETH:

WHEREAS, pursuant to Article IX, Section 3 of the Declaration of Covenants, Conditions and Restrictions for Highland Shores Owners Association, recorded in Volume 1330, Page 46 of the Real Property Records of Denton County, Texas (the "Declaration"), the Board may make and enforce reasonable rules and regulations governing the use of the Properties, and

WHEREAS, pursuant to Article XII of the Declaration, the Association, acting through the Board, shall have authority to make and to enforce standards and restrictions governing the use of Residential Units and Common Area, and

WHEREAS, Exhibit "C" to the Declaration set forth the initial standards and restrictions for Land Use, and

WHEREAS, pursuant to Section 3.7 of the Highland Shores Owners Association Design Guidelines & Review Procedures for Residential Modifications, the Board may from time to time promulgate use restrictions governing the use of lots and Association common areas, and

WHEREAS, the current City of Highland Village code regarding Barrier Requirements for Outdoor Swimming Pools, requires that the maximum vertical clearance between grade and the bottom of the barrier shall be 2 inches (51 mm) (measured on the side of the barrier which faces away from the swimming pool), and as all residential lots contain or potentially could contain outdoor swimming pools, and as this requirement may, in areas of steep surface gradients (only), significantly and adversely impact the construction costs of members of the Association or the Association itself in constructing new fences pursuant to the Association's current maximum fence height guidelines and construction restrictions, and

WHEREAS, the Board of Directors is desirous of amending the restrictions and standards for Land Use to minimize such adverse impacts, and

WHEREAS, at a duly convened meeting of the Board held on October 20, 2003, at which a quorum was present, the Board voted to revise Paragraph 6 of Exhibit "C" attached to the Declaration.

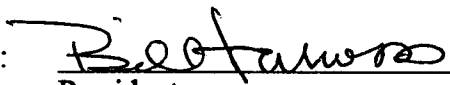
NOW, THEREFORE, Exhibit "C" of the Declaration is hereby amended as follows:

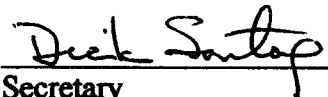
Paragraph 6, Walls, Fences, Hedges and Screening is amended by deleting the third sentence and substituting therefor the following:

No fence, wall or similar structure shall be more than six (6) feet high, with the exception that in discrete areas of steep surface gradient [as is judged and pre-approved by the Modification Committee (MC) or New Construction Committee (NCC), as is relevant], in order to fulfill both: (1) the Association's requirement that the fence top be maintained horizontal, stepping up or down with the grade; and (2) the City of Highland Village's code requirement for a maximum vertical clearance between grade and the bottom of the fence of 2 inches (51 mm), the maximum height of an individual fence segment, or portion thereof, which is within the necessitated step ups or step downs of such fence, shall be seven (7) feet. The remainder of the fence on more level grade shall be maintained at the six (6) feet maximum height. Approval of this exception, in writing, by the appropriate committee (MC or NCC) is required prior to construction.

IN WITNESS WHEREOF, the undersigned officers of Highland Shores Owners Association, Inc. hereby certify that the foregoing Amendment was duly adopted by the Board of Directors, as of the day and year first above written.

HIGHLAND SHORES OWNERS
ASSOCIATION, INC. a Texas
Corporation

By: 
President

Attest: 
Secretary