

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR ELDORADO HEIGHTS**

94-0039459

THIS DECLARATION is made on the date hereinafter set forth by ELDORADO HEIGHTS, LTD., a Texas limited partnership, hereinafter referred to as the "Declarant".

WITNESSETH

WHEREAS, the Declarant is the owner of certain real property in McKinney, Collin County, Texas, (the "City") which is described in Exhibit "A" attached hereto and made a part hereof (the "Property").

WHEREAS, Declarant desires to create an exclusive planned community known as Eldorado Heights (to include all Phases thereof) on the Property and such other land as may be added thereto pursuant to the terms and provisions of this Declaration;

NOW THEREFORE, the Declarant declares that the Property shall be held, sold and conveyed subject to the restrictions, covenants and conditions declared below, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Lot and each Unit situated on each Lot and other portions of the Property in order to maintain within the Property a planned community of high standards. Such covenants shall be binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

SECTION 1. "Property" shall mean and refer to the real property described in

Exhibit "A", and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to this Declaration.

SECTION 2. "Association" shall mean and refer to the Eldorado Heights Homeowners Association, Inc., a Texas not-for-profit corporation which may be established for the purposes set forth herein.

Section 3. "Lot" shall mean and refer to any plot of land indicated upon any recorded subdivision map of Property or any part thereof containing single-family home sites, with the exception of the Common Maintenance Area and areas deeded to a governmental authority or utility, together with all improvements thereon.

Section 4. "Unit" shall mean and refer to any residential dwelling situated upon any Lot.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Eldorado Heights, Ltd. its successors and assigns who are designated as such in writing by the Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign. Except for Eldorado Heights, Ltd., or except as approved in writing by Eldorado Heights, Ltd., no Declarant may designate any person or entity as a Declarant or assign its rights or obligations as a Declarant as provided herein.

Section 8. "Common Maintenance Areas" shall mean and refer to, without limitation, the entrance monuments, drainage facilities, detention ponds, right-of-way landscaping, medians and such other areas lying within dedicated public easements or

right-of-way to be maintained pursuant to agreement with the City or otherwise deemed appropriate by Declarant or the Board of Directors of the Association to be maintained for the preservation, protection and enhancement of the property values and the general health, safety or welfare of the Owners.

Section 9. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Eldorado Heights, and any amendments, annexations and supplements hereto made in accordance with its terms.

ARTICLE II

ELDORADO HEIGHTS HOMEOWNER'S ASSOCIATION, INC.

Section 1. Establishment of Association. The formal establishment of the Eldorado Heights Homeowner's Association will be accomplished, at the sole option of Declarant, by the filing of the Articles of Incorporation of the Eldorado Heights Homeowner's Association, Inc. with the Secretary of State for the State of Texas and the subsequent issuance by the Secretary of State of the Certificate of Incorporation of the Eldorado Heights Homeowner's Association, Inc.

Section 2. Adoption of By-Laws. Bylaws for the Eldorado Heights Homeowner's Association will be established and adopted by the Board of Directors of the Eldorado Heights Homeowner's Association.

Section 3. Membership. The Declarant and every other Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association.

Section 4. Funding. Subject to the terms of this Article, Declarant, for each Lot owned by Declarant, hereby covenants to pay, and each Owner of any Lot by acceptance

of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Such assessments will remain effective for the full term (and extended term, if applicable) of this Declaration. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot for such costs and reasonable attorney's fees which shall be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due.

Section 5. Assessments.

(a) Units Owned by Class A Members. Subject to the terms of this Article, each Lot is hereby subject to an initial maximum maintenance charge of \$10.00 per month or \$120.00 annually (until such maintenance charge shall be increased by the Association), for the purpose of creating a fund to be designated and known as the "maintenance fund," which maintenance charge and assessment will be paid by the Owner or Owners of each Lot in advance in monthly, quarterly, or annual installments, as determined by the Association, commencing as to all Lots on which a completed Unit is then located on the conveyance of the first Lot to a Class A Member and as to all other Lots as of the completion of the Unit thereon. The rate at which each Lot will be assessed, and whether such assessment shall be payable monthly, quarterly, or annually, will be determined by the Board of Directors of the Association at least thirty (30) days in advance of each affected assessment period. Said rate may be adjusted from time to time by the Board of Directors as the needs of the Association may, in the judgment of the Directors, require. The assessment for each Lot shall be uniform except as provided in Subsection b of this Section 3. The Association shall, upon written demand and for a

reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment has been paid for the assessment period.

b. Units or Lots by Declarant. Notwithstanding the foregoing, the Declarant shall be exempt from any assessment charged to Owners so long as there is a Class B membership as set forth in Section 8. Declarant hereby agrees that for such period of time as there is a Class B membership in effect and Declarant's Lots are exempt from assessment as provided above, that in the event that the annual maintenance fund revenues are insufficient to pay the operating expenses of the Association, Declarant shall provide the funds necessary to make up the deficit in a timely manner or within thirty (30) days of receipt of request for payment thereof, provided that if the deficit is the result of the failure or refusal of an Owner or Owners to pay their annual maintenance assessments, the Association shall diligently pursue all available remedies against such defaulting Owners, including the immediate institution of litigation to recover the unpaid assessments, and shall reimburse the Declarant the amounts, if any, so collected.

(c) Purpose of Maintenance Fund. The Association shall establish a maintenance fund composed of Owners' annual maintenance assessments and shall use the proceeds of such fund in providing for normal, recurring maintenance charges for the Common Maintenance Areas for the use and benefit of all members of the Association. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for existing landscaping) and the improvements to such Common Maintenance Areas, such as sprinkler systems, screening walls and private streets, if any, provided the Association shall have no obligation (except as expressly provided hereinafter) to make capital

improvements to the Common Maintenance Areas; payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions, and conditions affecting the Property to which the maintenance fund applies; payment of all reasonable and necessary expenses in connection with the collection and administration of the funds, costs associated with security and safety personnel, if any, caring for vacant lots or as security forces for the Property area in general,; and doing any other thing or things necessary or desirable in the opinion of the Board of Directors of the Association to keep the Property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that the judgment of the Board of Directors in the expenditure of said funds and the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith. The Association shall, in addition, establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements of the Common Maintenance Area. The fund shall be established and maintained out of regular annual assessments.

(d) Special Assessment for Working Capital Fund, Nonrecurring Maintenance and Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments as follows:

(i) Upon sale of the first Lot by Declarant to a Class A Member, in addition to the annual assessment, a special assessment equal to ten (10) months' estimated regular assessment may be assessed, which shall be due and payable upon conveyance of the Lot to a Class A Member. Such special assessment shall be available for all necessary expenditures of the Association.

(ii) In any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any nonrecurring maintenance, or the acquisition, construction, reconstruction, repair, or replacement of a capital improvement upon any Common Maintenance Area, including fixtures and personal property related thereto may be assessed. The Association shall not commingle the proceeds of such special assessment with the maintenance fund. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question.

Section 6. Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall bear interest from due date at the highest non-usurious rate of interest allowed by applicable law or 18% annum, whichever is less. The Association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments on such terms as it may establish by duly adopted resolutions and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien retained herein against the Property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Maintenance Area or abandonment of his property.

Section 7. Subordinated Lien to Secure Payment. To secure the payment of the maintenance charge and assessment established hereby and to be levied on individual Lots as above provided, there is hereby reserved a lien for the benefit of the Association, said lien to be enforceable through appropriate proceedings at law or in equity by such beneficiary; provided, however, that each such lien shall be specifically made secondary,

subordinate, and inferior to all liens, present and future, given, granted, and created by or at the insistence and request of the Owner of any such Lot to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the improvement of any such Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding, valid, and subsisting first mortgage sixty (60) days written notice of such proposed action, such notice, which shall be sent to the nearest office of the lienholder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of such first mortgage lienholder, beneficiary shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to holder thereof. Sale or transfer of a Lot shall not affect the assessment lien. No sale, foreclosure, or transfer shall relieve such Lot from liability for any assessments becoming due or from the lien thereof. The association shall have the right to file notices of liens in favor of such Association in the official records of Collin County, Texas

Section 8. Voting Rights. The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be all Owners with the exception of Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B Member shall be the Declarant who shall be entitled to three (3) votes for each unoccupied Lot owned by it. The Class B membership

shall cease and be converted to Class A membership one hundred (120) days after the conveyance of the Lot which causes the total votes outstanding in the Class B membership to be less than a majority of all votes, or upon Declarants voluntary conversion from Class B membership to Class A membership, whichever occurs earlier. Class B membership may be reinstated (at the sole option of Declarant) at any time. Declarants Class B status could again constitute a majority of all votes if additional Lots owned by Declarant are annexed to this Declaration.

(c) Suspension. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to this Article or is otherwise in default hereunder or under the By-Laws or Rules and Regulations of the Association and such suspension shall apply to the proxy authority of the Voting Representative, if any.

Section 9. Notice and Quorum. *Section 9. Replaced by Second Amendment* Written notice of any meeting called for the purpose of taking any action authorized herein shall be sent to all members, or delivered to their residences, not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of members or of proxies of Voting Representatives entitled to cast *50% of (2nd Amendment)* ~~two thirds (2/3)~~ of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at such subsequent meeting shall be two-thirds (2/3) of the quorum requirement for such prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (the quorum requirement being reduced for each such meeting). No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

ARTICLE III

GENERAL POWERS AND DUTIES OF THE BOARD OF DIRECTORS OF THE ASSOCIATION

Section 1. Purpose of Maintenance Fund. The Board, for the benefit of the owners, shall provide and shall pay out of the maintenance fund provided in Article II above the following:

- (a) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Maintenance Areas (except those which have been dedicated) rather than against the individual Owners, if any.
- (b) Care and preservation of the Common Maintenance Area.
- (c) The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon ninety (90) days prior written notice to the managing party) and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager.
- (d) Legal and accounting services.
- (e) If deemed advisable by the Association, a policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors.
- (f) Workers compensation insurance to the extent necessary to comply with any applicable laws.

(g) Such fidelity bonds as may be required by the By-Laws or as the Board may determine to be advisable.

(h) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes, or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or agreement with the City or which in its opinion shall be necessary or proper for the enforcement of this Declaration.

Section 2. Powers and Duties of Board. The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the By-Laws of the Association:

(a) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board sees fit.

(b) To enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.

(c) To make reasonable rules and regulations for the operation of the Common Maintenance Areas and to amend them from time to time; provided that, any rule or regulation may be amended or repealed by an instrument in writing signed by Owners constituting a majority of the votes of the Association.

(d) To make available for inspection by Owners within sixty (60) days after the end of each year an annual report and to make all books and records of the Association available for inspection by Owners at reasonable times and intervals.

(e) To adjust the amount, collect and use any insurance proceeds to repair

damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to access the Owners in proportionate amounts to cover the deficiency.

(f) To enforce the provisions of any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.

(g) To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings.

Section 3. Board Powers Exclusive. The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the maintenance fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein.

Section 4. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner or other person or entity for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

ARTICLE IV

EASEMENTS

Section 1. Utility Easements. Beginning as of the date hereof and only terminating when there are no longer any continuing Class B memberships in effect, the Declarant hereby reserves the right to grant perpetual, nonexclusive easements for the benefit of the Declarant or its designees, upon, across, over, through and under any portion of the Common Maintenance Area or any portion of any Lot outside of the permitted building area of such Lot, for ingress, egress, installation, replacement, repair,

maintenance, use and operation of all utility and service lines and service systems, public and private, including, without limitation, cable television. Declarant, for itself and its designees, reserves the right to retain title to any such easements. Upon cessation of Class B membership, the Association shall have the right to grant the easements described herein.

Section 2. Declarant's Easement of Correct Drainage. Beginning as of the date hereof and only terminating when there are no longer any Class B memberships in effect, Declarant hereby reserves a blanket easement on, over and under the ground within the Property to maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of health, safety, and appearance and shall be entitled to remove trees or vegetation, without liability for replacement or damage, as may be necessary to provide adequate drainage for any portion of the Property. Notwithstanding the foregoing, nothing herein shall be interpreted to impose any duty upon Declarant to correct or maintain any drainage facilities within the Property.

Section 3. Easement for Unintentional Encroachment. The Declarant hereby reserves an exclusive easement for the unintentional encroachment by any structure upon the Common Maintenance Area caused by or resulting from, construction, repair, shifting, settlement or movement of any portion of the Property, which exclusive easement shall exist at all times during the continuance of such encroachment as an easement appurtenant to the encroaching property to the extent of such encroachment.

Section 4. Entry Easement. In the event that the Owner fails to maintain the Lot as required herein, or in the event of emergency repairs and to do the work reasonably necessary for the proper maintenance and operation of the Property the Declarant and Association reserves an easement of entry upon the Lot and any such entry thereon shall not be deemed a trespass, and the Association or Declarant shall not be liable for any

damage so created unless such damage is caused by the Declarant's or Association's willful misconduct or gross negligence.

Section 5. Drainage Easements. Easements for the installation and maintenance of utilities, storm water retention/detention ponds, parks, green belts and/or a conservation area are reserved as may be shown on the recorded plat. Within these easement areas, no structure, plant or material shall be placed or permitted to remain which may hinder or change the direction or flow of drainage channels or slopes in the easements. The easement area of each Lot and all improvements contained therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible.

Section 6. Temporary Completion Easement. All Lots shall be subject to easement of ingress and egress for the benefit of the Declarant, its employees, subcontractors, successors and assignees, over and upon the front, side or rear yards of the Property as may be expedient or necessary for the construction, servicing and completion of dwellings and landscaping upon Lots adjacent to the Property, provided that such easement shall terminate twelve (12) months after the date such Lot is conveyed to the Owner by the Declarant.

ARTICLE V

USE AND OCCUPANCY

All Lots and dwellings shall be used and occupied for single-family residence purposes. No Lot or dwelling may be used for commercial, institutional or other non-residential purpose if such use involves the attendance or entry of non-residents upon the Lot or otherwise diminishes the residential character of the Lot or neighborhood.

ARTICLE VI
PROPERTY RIGHTS

Section 1. Effect of Declaration. Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described or to this Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, restrictions and covenants were fully related and set forth in their entirety in said documents.

Section 2. Rezoning Prohibited. No Lot shall be replatted or rezoned to any classification allowing commercial, institutional or other non-residential use without the express written consent of the Association and Declarant (as long as Declarant owns any Lot subject to this Declaration), which approval may be withheld in Declarant's sole discretion. Declarant or the Association may enforce this covenant by obtaining an injunction against any unapproved replatting or rezoning at the expense of the enjoined party.

Section 3. Easements Binding on Land. All easements herein described are easements appurtenant to and running with the land; they shall at all times inure to the benefit of Declarant and the Association and be binding upon the Owners, and all of their grantees, and their respective heirs, successors, personal representatives and assigns, perpetually and in full force.

ARTICLE VII
USE RESTRICTIONS

Section 1. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done which may be or may become an annoyance or

nuisance to the neighborhood.

Section 2. Development Activity. Notwithstanding any other provision herein, Declarant and its successors and assigns shall be entitled to conduct on the Property all activities normally associated with and convenient to the development of the Property and the construction and sale of the dwelling units on the Property.

Section 3. Temporary Structures. No structures of a temporary character, including, without limiting the generality thereof, any trailer, tent, shack, garage, barn, motor home or mobile home or other outbuilding, shall be used on any Lot at any time as a residence, either temporarily or permanently. This provision shall not prohibit temporary structures or trailers reasonable and necessary for the development, construction or sale of Lots or Units.

Section 4. Signs and Picketing. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Unit, fence or other improvement upon such Lot so as to be visible from public view except the following:

(a) For Sale Signs. An Owner may erect one (1) sign not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of the ground advertising the Property for sale.

(b) Declarant's Signs. Signs or billboards may be erected by the Declarant.

(c) Political Signs. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than thirty (30) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election. They shall also comply with

Section 4 (a) hereof with respect to size and construction.

In addition to the foregoing, to protect the safety and harmony of the community, no person shall engage in picketing on any Lot, easement, right-of-way or Common Maintenance Area within or adjacent to the Property, nor shall any vehicle parked, stored or driven in or adjacent to the Property bear or display any signs, slogans, symbols, words or decorations intended to create controversy, invite ridicule or disparagement, or interfere in any way with the exercise of the Property rights, occupancy or permitted business activities of any Owner or Declarant.

Section 5. Campers, Trucks, Boats and Recreational Vehicles. No campers, boats, boat trailers, recreational vehicles and other types of non-passenger vehicles, equipment, implements or accessories may be kept on any Lot unless the same are fully enclosed within the garage located on such Lot and/or said vehicles and accessories are screened from view by a screening structure or fencing and said vehicles and accessories are in an operable condition.

Section 6. Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose.

Section 7. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 8. Sight Distance and Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines in a manner prohibited by City ordinance shall be

placed or permitted to remain on any Lot.

Section 9. Parking. No vehicles, trailers, implements or apparatus may be driven or parked in the Common Maintenance Area or on any easement.

Section 10. Commercial or Institutional Use. No Lot and no building erected or maintained on any Lot shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes.

Section 11. Building Standards. No building shall be erected or maintained on any Lot unless it complies with all applicable standards, including any governmental ordinances.

Section 12. Detached Buildings. No detached accessory buildings, including, but not limited to, detached garages and storage buildings, shall be erected, placed or constructed upon any Lot without prior consent of the Declarant or the Association.

Section 13. Fences. No fence, wall or hedge shall be erected or maintained on any Lot nearer to the street than the building setback lines for the front and side yards. All fences and walls shall be properly maintained in good condition by the Owner upon which the fence or wall sits (unless the maintenance thereof is specifically assumed by Declarant or the Association by written notice to Owner). Chipping paint, rotting wood, leaning portions or those portions in a state of disrepair shall be properly cared for, maintained and/or replaced by the Owner of the Lot upon which the fence or wall sits, all subject to the requirements of the Declarant or the Association.

- Replace by Second Amendment

Section 14. Antennae, Satellite Dishes and Solar Collectors. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or any other equipment or paraphernalia, including but not limited to a basketball goal upon any Lot unless such

apparatus is erected and maintained in such a way that it is screened from public view at a point in the center of the public right-of-way directly in front of the house erected on such Lot.

Section 15. Chimneys. All fireplaces, smoke stacks, and spark arrestors shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the principal finish material of the exterior walls of the dwelling.

Section 16. Clothes Hanging Devices. Exterior clothes hanging devices shall not be permitted.

Section 17. Window Treatment. No aluminum foil, reflective film or similar treatment shall be placed on window or glass doors.

ARTICLE VIII

ANNEXATION

Section 1. Annexation by Declarant. At any time during the initial term of this Declaration, the Declarant may, at its sole option, annex additional property to this Declaration to be subject to the terms hereof to the same extent as if originally included herein and subject to such other terms, covenants, conditions, easements and restrictions as may be imposed thereon by Declarant.

(a) Declaration of Annexation. Annexation shall be evidenced by a written Declaration of Annexation executed by Declarant setting forth the legal description of the property being annexed and the restrictive covenants to be applied to such annexed property.

Section 2. Annexation by Action of Members. At any time the Board of Directors may request approval of the membership for the annexation of additional property into

the Association to be subject to all of the terms of this Declaration to the same extent as if originally included herein. No such annexation shall be effective unless approved in writing by a majority vote. Any property that is contiguous to existing property to this Declaration may be annexed hereto according to the foregoing requirements, provided however, that no such annexation shall be effective without the consent and joinder of the owners of the property to be annexed. Such annexation must be evidenced by a Declaration of Annexation as set forth in Subsection 1(a) above executed by the parties herein described.

Section 3. No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any other member to annex any property to this Declaration and no owner of property excluded from the Declaration shall have any right to have such property annexed thereto.

Section 4. Effect of Annexation on Class B Membership. In determining the number of Lots owned by Declarant for the purpose of Class B Membership status according to Article II, Section 8, the total number of Lots covered by the Declaration including all Lots annexed thereto shall be considered. If Class B Membership has previously expired but annexation of additional property restores the ratio of Lots owned by Declarant to the number required for Class B Membership, such Class B Membership shall be reinstated.

ARTICLE IX

GENERAL

Section 1. Declarant's Rights. For so long as Declarant shall own any of the Lots contained within the Property as it currently exists or as such properties shall have been annexed to be governed by these Declarations and continuing until such date as

Declarant no longer owns any Lot contained within the Property (or such Property as may be annexed pursuant to these Declarations), Declarant shall have the sole and exclusive right to establish the Homeowner's Association contemplated by these Declarations and Declarant shall be under no obligation to establish such Homeowner's Association or to perform any of the duties and obligations set forth herein except as required by the City. In the event Declarant shall elect, in Declarant's sole and exclusive discretion, to establish the Homeowner's Association made reference to herein, Declarant shall be relieved of all rights and obligations (except those specifically applicable to Class B Memberships) and then only to the extent Declarant is a Class B Member and only to the extent such rights and obligations are imposed upon Declarant by these Declarations and such obligations shall, from the formation of such Homeowner's Association forward, become the obligations of the Homeowner's Association.

Section 2. Remedies. In the event of any default by any Owner under the provisions of the Declaration, By-Laws or rules and regulations of the Association, the Declarant, the Association and any Owner shall have each and all of the rights and remedies which may be provided for in this Declaration, the By-Laws and said rules and regulations, and those which may be available at law or in equity, and may prosecute any action or other proceeding against such defaulting Owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgment for the payment of the money and collection thereof, or for any combination of the remedies, or for any other relief. No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. All expenses of the Declarant or Association in

connection with any such actions or proceedings, including court costs and attorney's fees and other fees and expenses, and all damages, permitted by law but, with reference to any Lots financed by FHA insured loans, not in excess of the maximum rate of FHA loans at the time of delinquency, from the due date until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of each respective maintenance assessment (to the same extent as the lien provided herein for unpaid assessments), upon the Lot and upon all of the additions and improvements thereto, and upon all of Owner's personal property upon the Lot. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Declarant, the Association or any Owner.

Section 3. Multiple Declarants. In the event Declarant, pursuant to its rights as provided herein, designates one or more Declarants such that there are Multiple Declarants, each such Declarant shall be responsible for its prorata portion, based upon the number of Lots owned by the Declarant compared to the total number of Lots owned by all Declarants, of all expenses and other financial obligations and such other duties and obligations as are set forth herein. In the event a decision or election by Declarant is to be made pursuant to the provisions hereof and there is more than one Declarant, the decision shall be made by majority vote of the Declarants' and each Declarant shall be entitled to one vote per Lot owned. Each Declarant agrees to mutually cooperate in good faith to diligently and completely perform all of the obligations of a Declarant under this Agreement.

Section 4. Term and Amendments. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended

for successive periods of ten (10) years, unless seventy-five percent (75%) of the votes outstanding shall have voted to terminate the covenants and restrictions of this Declaration and prior approval has been obtained from the City, which termination shall be by written instrument signed by seventy-five percent (75%) of the Owners and countersigned by a duly authorized representative of the City and properly recorded in the Collin County, Texas land records. This Declaration may be amended at any time by Declarant or by an instrument signed by Owners and Declarant constituting not less than seventy-five percent (75%) of the votes of the Association provided that any amendment which shall diminish Declarant's or the Association's responsibilities to maintain certain dedicated property contained within the Property as required by agreement with the City shall be of no effect unless approved by the City. Any amendment must be recorded.

Section 5. 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 6. Rights and Obligations. The provisions of this Declaration and the Articles of Incorporation and By-Laws and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. By the recording of the acceptance of a deed conveying any portion of the Property or any Lot, or of any ownership interest in the Property or any Lot whatsoever, the person to whom such property or Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Articles of Incorporation and By-Laws, whether or not mention thereof is made in said deed.

Section 7. Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

Section 6. Conflicts. In the event of conflict between the terms of this Declaration and the By-Laws, rules, regulations or Articles of Incorporation of the Association, this Declaration shall control.

Section 8. Failure of Association to Perform Duties. Should the Association dissolve, become insolvent or fail to carry out its duties as specified in this Declaration, the City or its lawful agents shall have the right and ability, but not the obligation, after due notice to the Association, to perform the responsibilities of the Association if the Association fails to do so in compliance with any of the provisions of this Declaration or of any applicable city codes, regulations or agreement with the City, to have all liens created hereby inure to the City's benefit, and to assess the Association for all costs incurred by the City in performing said responsibilities if the Association fails to do so; and/or to avail itself of any other enforcement actions available to the City pursuant to state law or city codes and regulations.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed on its behalf, attested and its corporate seal to be hereunto affixed as of the day and year first above written.

ATTEST:



DECLARANT:

ELDORADO HEIGHTS

By: 

Issam Kareem, Vice President
Intermandeco, general partner

**SECOND AMENDMENT TO DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ELDORADO HEIGHTS**

94-0104433

This Second Amendment to Declaration of Covenants, Conditions and Restrictions for Eldorado Heights (the "Second Amendment") is made on the hereinafter set forth in such amendment, for all intents and purposes, shall be incorporated into and shall hereafter amend that certain declaration of covenants, conditions and restrictions for Eldorado Heights dated the 25th day of April, 1994 and filed for record in the real property records of Collin County, Texas with the clerks file number 94-0039459 (the "Declarations").

Eldorado Heights, Ltd. and D. R. Horton-Texas, Ltd., being the Declarants (as defined in the Declarations), being the owners of all of the property subject to the Declarations, hereby make the following amendments to the Declarations:

Article II, Section 9 is hereby deleted in its entirety and is hereby replaced with the following:

"Section 9. Notice and Quorum. Notice of any meeting called for the purpose of taking any action authorized herein shall be sent to all members, or delivered to their residences, not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of members or proxies of Voting Representatives entitled to cast in excess of fifty percent (50%) of all of the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at such subsequent meeting shall be two-thirds (2/3) of the quorum requirement for such prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (the quorum requirement being reduced for each such meeting). No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting."

Article VII, Section 13 is hereby deleted in its entirety and is hereby replaced with the following:

"Section 13. Fences. No fence, wall or hedge shall be erected or maintained on any Lot nearer to the street than is permitted by applicable city ordinance or regulation. All fences and walls shall be properly maintained in good

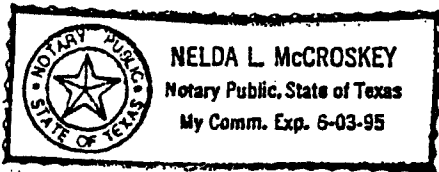
condition by the Owner of the Lot upon which the fence or wall sits unless the maintenance thereof is specifically assumed by Declarant or the Association by written notice to Owner. Chipping paint, rotting wood, leaning portions or those portions in a state of disrepair shall be properly cared for, maintained and/or replaced by the Owner of the Lot upon which the fence or wall sits, all subject to the requirements of the Declarant or the Association."

ELDORADO HEIGHTS, LTD.
by Intermandeco, Inc., a general partner

By: [Signature]
Issam Karanoun
Vice President

BEFORE ME, the undersigned authority, on this day personally appeared Issam Karanoun, known to me as the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he signed the same as the Vice President of Intermandeco, Inc., General Partner of Eldorado Heights, Ltd. for the purposes and consideration therein expressed.

Given under my hand and seal of office this 2nd day of Nov, 1994.



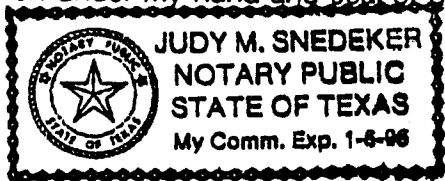
[Signature]
Notary Public in and for
Said County and State

D.R. HORTON - TEXAS, LTD.

By: [Signature]
Its: V.P.

BEFORE ME, the undersigned authority, on this day personally appeared GORDON D. JONES, known to me as the person whose name is subscribed to the foregoing instrument; and acknowledged to me that he signed the same as the VICE PRESIDENT of D.R. Horton - Texas, Ltd. for the purposes and consideration therein expressed.

Given under my hand and seal of office this 22ND day of NOVEMBER, 1994.



[Signature]
Notary Public in and for
Said County and State