

**DECLARATION OF
COVENANTS, CONDITIONS,
RESTRICTIONS, EASEMENTS,
CHARGES AND LIENS
ON AND FOR
DALVIEW ESTATES
KAUFMAN COUNTY,
TEXAS**

**This DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS,
CHARGES AND LIENS is made and effective as of the 3rd day of June 2000.**

PREAMBLE

Declarant is the owner and developer of certain residential Lots within Dalview Estates Subdivision (which lots are more particularly described within Exhibit "A" attached hereto). Declarant proposes to establish these restrictions on the Dalview Estates Subdivision property now and yet retain reasonable flexibility to respond to changing or unforeseen circumstances so as to guide, control and maintain the quality and distinction of the Dalview Estates Subdivision project.

DECLARATION

The Declarant hereby declares that the Dalview Estates Subdivision residential lots described within Exhibit "A" attached hereto, is and shall be owned, held, mortgaged, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions easements, charges and liens (sometimes collectively referred to herein as the "Covenants") hereinafter set forth. To better assure the proper operation and functioning of the Association and to promote the quality of life within the Dalview Estates Subdivision.

**ARTICLE I
CONCEPTS AND DEFINITIONS**

The following terms, when used in this Declaration or in any amended or supplementary Declaration (unless the context shall otherwise clearly indicate or prohibit), shall have the definitions assigned to such terms below:

"Amended Declaration" shall mean and refer to each and every instrument recorded in the Public Real Estate Records of Kaufman County, Texas which amends, supplements, modifies, clarifies or restates some or all of the terms and provisions of this Declaration.

"Annual Assessment" shall have the meaning specified in Article V below.

"Architectural Review Committee" (sometimes referred to herein as the "ARC") shall mean and refer to that particular committee which is described and explained within Article VIII below.

“Articles” shall mean and refer to the Articles of Incorporation (and amendments thereto and restatements thereof) of the Association on file in the Office of the Secretary of State of the State of Texas, Austin, Texas.

“Assessable Property” shall mean and refer to each and every lot, parcel and tract within the entire Properties which: (1) the Declarant has subjected to and imposed upon a set of restrictive covenants calling for, inter alia, the payment of an Annual Assessment to the Association; (2) may have been or will be given a separately identifiable tax: or parcel number by the Central Appraisal District (“CAD”) or a similar governmental agency; and (3) is not designed an “open space” or otherwise a portion of the Common Properties. The Declarant proposes to cause each residential Lot and discretion to include or exclude any nonresidential Lot from the concept of “Assessable Property” and/or valuation scheme(s) for any nonresidential Lot which is subjected to covenants which require the payment of assessments to the Association.

“Association” shall mean and refer to the Dalview Estates Subdivision Homeowners Association, a nonprofit Texas corporation which has the power, duty and responsibility of maintaining and administering certain portions of the Properties and all of the Common Properties, and administering and enforcing the Covenants.

“Board” shall mean and refer to the Board of Directors of the Association.

“Bylaws” shall mean and refer to the Bylaws of the Association, as adopted and amended from time to time in accordance with the provisions of the Texas Non-Profit Corporation Act and this Declaration.

“Central Appraisal District” or **“CAD”** shall mean and refer to the governmental and/or quasigovernmental agency(ies) (including without limitation the Central Appraisal District of Kaufman County and the Kaufman County Central Appraisal District) established in accordance with Texas Property Tax Code Section 6.01 et seq. (and its successor and assigns as such law may be amended from time to time) or other similar statute which has, as one of its purposes and functions, the establishment of an assessed valuation and/or fair market value for various lots, parcels and tracts of land in Kaufman County, Texas.

“Common Properties” shall mean and refer to (1) any and all areas of land within or adjacent to the Properties which are known, described or designated as common areas, private streets, street medians, gate house and gate apparatus, parks, recreational easements, utility easements, jogging trails, floodway easement areas, facilities, if any, provided for the benefit of law enforcement, fire and similar governmental departments, lakes, ponds, dams, perimeter fences and columns, off-site monuments and directional signs, landscape easements, greenbelt, open spaces, paths and trails, and the like, if any, shown on any recorded subdivision plat, and (2) any easement granted to that is used in connection with providing water, gas or electric services to the Subdivision. The Declarant shall at all times have and retain the right in its sole discretion to effect redesign or reconfiguration of the Common Properties (front entry) and to execute any open space declarations applicable to the Common Properties which may be permitted in order to reduce property taxes, and to take whatever steps may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.

“Consumer Price Index” (“CPI”) shall mean and refer to the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for All Urban Consumers (Dallas Area). In the event the CPI shall be discontinued, then the index (or a substitute procedure which reasonable reflects and monitors fluctuations in consumer prices) most nearly the same as the CPI shall be used to make the calculations

envisioned herein.

“Covenants” shall mean and refer to all covenants, conditions, restrictions, easements, charges and liens set forth in with this Declaration.

“Declarant” shall mean and refer to Dalview Management and any officer(s) and assign(s) Dalview Management with respect to the voluntary disposition of all (or substantially all) of the right, title and interest of the Dalview Estates Subdivision in and to the Properties accompanied by an express assignment of Declarant’s rights hereunder.

“Declaration” shall mean and refer to this “Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens on and for the Dalview Estate Subdivision”, together with any and all amendments or supplements hereto.

“Deed” shall mean and refer to any deed, assignments, testamentary bequest, muniment of title or other instrument, or intestate inheritance and succession, conveying or transferring fee simple title or a leasehold interest or another legally recognized estate in a Lot.

“Design Guidelines” shall mean and refer to those particular standards, restrictions, guidelines, recommendations and specifications applicable to most of the aspects of constructions, placement, location, alteration, maintenance and design of any improvements to or within the Properties, and all amendments, bulletins, modifications, supplements and interpretations thereof.

“Development Period” shall mean a period commencing on the date of the recording of this Declaration in the public real estate records of Kaufman County, Texas and continuing thereafter until the substantial completion and sale of all homes in the development. In no event shall this period be less than 24 months.

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

“Easement Area” shall mean and refer to those areas which may be covered by an easement specified in **ARTICLE X** below.

“Eligible Insurers” is defined in **ARTICLE XII** below.

“Eligible Mortgagees” is defined in **ARTICLE XII** below.

“Exempt Property” shall mean and refer to the following portions of the Properties: (1) all land and Improvements owned by the United States of America, the State of Texas, Kaufman County, or any instrumentality, political subdivision or agency of any such governmental entity acting in a governmental (rather than a proprietary) capacity; (2) all land and Improvements owned (including legal and beneficial ownership, whether now or in the future) by the Association or constituting a portion of the Common Properties; (3) all land and Improvements which are not only exempt from the payment of ad valorem real property taxes by Kaufman County, the Forney Independent School District, the City of Forney, and the State of Texas, but also are exempt from the payment of any assessments hereunder as expressly determined by written resolution of the Declarant, in its sole discretion, and/or the Association; and (4) such other

land(s) and/or Improvement(s) and/or Lot(s) which are specifically exempted from the payment of annual Assessments in accordance with a special resolution of the Board.

“Fiscal Year” shall mean each twelve (12) month period commencing on January 1 and ending on the following December 31, unless the Board shall otherwise select an alternative twelve month period.

“Greenway Frontage” shall mean and refer to community facilities, common green space, which are adjacent to rear or side yard Lot lines and/or clearly visible from public streets, sidewalks and rights-of-way.

“Homebuilder” shall mean and refer to each entity and/or individual which: (1) is regularly engaged in the ordinary business of constructing residential dwellings on subdivision lots for sale to third-party homeowners as their intended primary residence; and (2) has entered into a contract with the Declarant to purchase one or more Lots.

“Improvement” shall mean any physical change to raw land or to an existing structure which alters the physical appearance, characteristics or properties of the land or structure, including but not limited to adding or removing square footage area space to or from a structure, painting or repainting a structure, or in any way altering the size, shape or physical appearance of any land or structure.

“Institutional Mortgage” shall mean and refer to any bona-fide mortgage, lien or security interest held by a bank, trust company, insurance company, savings and loan association or other recognized lending institution, or by an institutional or governmental purchaser of mortgage loans in the secondary market, such as Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or their successors, or guaranteed or subsidized by the FHA and/or VA.

“Lot” shall mean and refer to each separately identifiable portion of the Assessable Property which is platted, filed and recorded in the office of the County Clerk of Kaufman County, Texas and which is assessed by any one or more of the Taxing Authorities and which is not intended to be an “open space” or a portion of the Common Properties.

“Maintain” shall mean and refer to mowing, edging, planting, trimming trees, pesticides distribution, and upkeep of sprinkler system, stone headwalls, stone entry, entryway signs /lights and planting area, including upkeep of street decorative elements to the subdivision known as the common properties in accordance with and approval of the Board of Directors of Dalview Estates Subdivision Homeowners Association.

“Members” shall mean and refer to each Resident who is in good standing with the Association and who has filed a proper statement of residency with the Association and who has complied with all directives and requirements of the Association. Each and every Owner shall take such affirmative steps as are necessary to become and remain a Member of, and in good standing in, the Association. Each and every Resident (who is not otherwise an Owner) may, but is not required to, be a Member of the Association.

“Owner” shall mean and refer to the holder(s) of the record title to the fee simple interest of any Lot whether or not such holder(s) actually reside(s) on any part of the Lot.

“Payment and Performance Lien” shall mean and refer to the lien described within Sections 5.8 and 5.9.

“Properties” shall mean and refer to: (1) the land described within Exhibit “A” attached hereto; and (3) any other land hereafter expressly made subject to these Covenants by Declarant.

“Residents” shall mean and refer to:

- (a) each Owner;
- (b) each person residing on any part of the Assessable Property who is a bona-fide lessee pursuant to a written lease agreement with an Owner; and
- (c) each individual lawfully domiciled in a Dwelling Unit other than an Owner or bona-fide lessee.

“Structure” shall mean and refer to: (1) any thing or device, other than trees, shrubbery (less than two feet high if in the form of a hedge) and landscaping (the placement of which upon any Lot shall not adversely affect the appearance of such Lot) including but not limited to any building, garage, porch, shed, greenhouse or bathhouse, cabana, coop or cage, covered or uncovered patio, swimming pool, play apparatus, clothesline, fence, curbing, paving, wall or hedge more than two feet in height, signboard or other temporary or permanent living quarters or any temporary or permanent Improvement to any Lot; (2) any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any Lot; and (3) any enclosure or receptacle for the concealment, collection and/or disposition of refuse; (4) any change in the grade of any Lot of more than three (3) inches from that existing at the time of initial approval by the Architectural Review Committee.

“Subdivision” shall mean and refer to the Dalview Estates Subdivision, a subdivision phase of certain land as described within Exhibit “A” attached hereto, in accordance with the map and plat thereof filed or record in the Map and Plat Records of Kaufman County, Texas, as well as any and all revisions, modifications, corrections or clarifications thereto.

“Taxing Authorities” shall mean and refer to Kaufman County, Texas, the Forney Independent School District, City of Forney, and the State of Texas and any and all other governmental entities or agencies which have, or may in the future have, the power and authority to impose and collect ad valorem taxes on real property estates, in accordance with the Texas Constitution and applicable statutes and codes.

“Trustee” shall mean and refer to that certain individual(s) or entity(ies) designated or appointed from time to time and at any time by the Association to perform the duties and responsibilities described within Section 5.9 below, and its successors and assigns.

“Zoning Ordinance” shall mean and refer to any applicable zoning ordinance governmental regulations, and all amendments thereto but only to the extent such ordinance, regulations and amendments are applicable to the Properties.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

Section 2.1. Existing Property. The residential Lots which are subject to this Declaration within the Dalview Estates Subdivision are more particularly described within Exhibit “A”.

Section 2.2. Additions to Existing Property. Additional land(s) may become subject to this Declaration, or the general scheme envisioned by this Declaration, as follows:

(a) The Declarant may (without the joinder and consent of any person or entity) add or annex additional real property to the scheme of this Declaration within the next ten (10) years by filing of record an appropriate enabling declaration, generally similar to this Declaration, which may extend the scheme of the Covenants to such property. Such other declaration(s) may contain such complimentary additions and modifications of these Covenants as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the concept and purpose of this Declaration.

(b) In the event any person or entity other than the Declarant desires to add or annex additional Assessable Property and/or Common Property to the scheme of this Declaration, such annexation proposal must have the express approval of the Board.

Any additions made pursuant to this **Section 2.2**, when made, shall automatically extend the jurisdiction, functions, duties and membership of the Association to the properties added and correspondingly subject the properties added to the covenants of the enabling declaration.

ARTICLE III
MEMBER AND VOTING
RIGHTS IN THE ASSOCIATION

Section 3.1. Membership. Each Owner of each Lot which is subjected to these Covenants shall automatically be, and must at all times remain, a Member of the Association in good standing. Each and every Resident (who is not otherwise an Owner) may, but is not required to, be a nonvoting Member of the Association. During the Development Period, the Association shall have two (2) classes of Members: Class A and Class B. The Class A Members shall include: (a) all Owners (other than the Declarant during the Development Period); and (b) all Residents (not otherwise Owners) who have properly and timely fulfilled all registration and related requirements prescribed by the Association. The Class B Member shall be the Declarant. Upon conclusion of the Development Period, the Class B membership shall terminate and the Declarant shall become a Class A Member.

Section 3.2. Voting Rights. There shall be two (2) classes of voting Members during the Development Period.

Class A: Each Class A Member who is an Owner of a Lot shall be entitled to one (1) vote per Lot. In no event shall any one (1) Lot owned by a Class A member yield more than one (1) vote. If multiple owners of a single Lot cannot designate the voter for the Lot, then the owner whose name appears first on the deed to the Lot shall be entitled to cast the vote for the Lot. Class A Members who are not Owners shall not be entitled to vote.

Class B: The Class B Member shall have five (5) votes for each Lot it owns.

Any Owner who is a Class A Member shall not be in "good standing" and shall not be entitled to vote if such person or entity is: (a) in violation of any portion of these Covenants; (b) delinquent in the payment of any Annual Assessment, or any other fee which is payable pursuant to the provisions of these Covenants.

The Board may make such rules and regulations, consistent with the terms of this Declaration and the Bylaws, as it deems advisable, for any meeting of Members; proof of membership in the Association; the status of good standing; evidence of the right to vote; the appointment and duties of examiners and inspectors of votes; the procedures for actual voting in person or by proxy; registration of Members who are Owners for voting purposes; and such other matters concerning the conduct of meetings and voting as the Board shall deem fit.

Section 3.3. Board of Directors. The affairs of the Association shall be managed initially by a board of three (3) individuals elected by the Class B Member. However, beginning with the fifth (5th) annual meeting of the Members of the Association and continuing thereafter, the Board shall be expanded to consist of five (5) individual Directors, three of whom shall be elected by the Class B Member and two of whom shall be elected by the Class A Members. Beginning with the first annual meeting after the end of the Development Period and continuing thereafter, the Board shall still consist of five (5) individual Directors, all of whom shall be elected by the Class A Members.

The Directors need not be Members of the Association. Directors shall be elected for two year terms office and shall serve until their respective successors are elected and qualified. Any vacancy which occurs in the Board may be filled at any meeting of the Board by the affirmative vote of a majority of the remaining Directors representing the same class of Members who elected the Director whose position has become vacant. Any Director elected to fill a vacancy shall serve as such until the expiration of the term of the Director whose position he or she was elected to fill.

The Board, no later than 30 days prior to the annual meeting of the Members, shall file with the Declarant and distribute to the Members (by whatever means the Board may deem reasonable and economical) a certification of the Directors to be elected by Class A Members who are qualified to vote and the Directors to be elected by the Class B Member. The actual election of the directors shall take place in accordance with the Bylaws or, to the extent not inconsistent with the Bylaws, the directives of the then-existing Board.

Section 3.4. Notice and Voting Procedures. Quorum, notice and voting requirements of and pertaining to the Association may be set forth within the Articles and Bylaws, as either or both may be amended from time to time, and shall be in accordance with applicable Texas law.

ARTICLE IV RIGHTS OF ENJOYMENT IN THE COMMON PROPERTIES

Section 4.1. Easement. Subject to the provisions of Sections 4.2 through 4.7, each and every Owner in good standing with the Association shall have a non-exclusive right and easement of enjoyment in and to all Common Properties, and such easement shall be appurtenant to and shall pass with every Lot, provided the conveyance and transfer is accomplished in accordance with this Declaration. All Residents in good standing with the Association shall have a non-transferable, non-exclusive privilege to use and enjoy all Common Properties for so long as they are Members in good standing in the Association.

Section 4.2. Extent of Members Easement. The rights and easements of use, recreation and

enjoyment created hereby shall be subject to the following:

- (a) The right of the Declarant or Association to prescribe reasonable regulations (e.g., speed limits on the streets and limitations on parking on or in the streets) and policies governing, and to charge reasonable expense reimbursements and/or deposits (e.g., key, access card and/or radio transmitter device deposits) related to, the use, operation and maintenance of the Common Properties;
- (b) Liens or mortgages placed against all or any portion of the Common Properties with respect to monies borrowed by the Declarant to develop and improve the Properties or Common Properties or by the Association to improve or maintain the Common Properties;
- (c) The right of the Declarant or the Association to enter into and execute contracts with any party (including, without limitation, the Declarant or its corporate affiliates) for the purpose of providing management, maintenance or other materials or services consistent with the purposes of the Association and/or this Declaration;
- (d) The right of the Declarant or the Association to take such steps as are reasonable necessary to protect the Common Properties against foreclosure;
- (e) The right of the Declarant or the Association to enter into and execute contracts for the purpose of extending cable or utility service on, over or under the Common Properties to ultimately provide service to one or more of the Lots;
- (f) The right of the Declarant or the Association to suspend the voting rights of any Owner and to suspend the right of any Member to use or enjoy any of the Common Properties for any period during which any assessment (including without limitation "fines") against a Lot resided upon by such Member remains unpaid, or during which non-compliance with this Declarant or the Design Guidelines exists, and otherwise for any period deemed reasonable by the Association for an infraction of the then-existing rules and regulations and/or architectural guidelines;
- (g) The right of the Declarant, in its sole discretion, or the Association in conjunction with the Declarant, to hold, whether alone or in conjunction with others, activities within the Common Properties which may include selected invitees and/or the general public;
- (h) The right of the Association to dedicate or transfer all or any part of the Common Properties to any municipal corporation, public agency, governmental authority, or utility for such purposes and upon such conditions as may be agreed to by the Board; and
- (i) The right of the Declarant to grant permits, licenses and easements over the Common Properties for utilities, roads and other purposes deemed necessary or appropriate by Declarant.

Section 4.3. Restricted Actions by Members. No Member shall permit anything to be done on or in the Common Properties which would violate any applicable public law or Zoning Ordinance or which would result in the cancellation of or the increase of premiums for any insurance carried by the Declarant or the Association, or which would be in violation of any law or any rule or regulation promulgated by the Board.

Section 4.4. Damage to the Common Properties. Each Member shall be liable to the Declarant and to the Association for any damage to any portion of the Common Properties caused by the negligence or willful misconduct of the Member or his family or guests.

Section 4.5. Rules of the Board. All Members shall abide by any rules and regulations adopted by the Board. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and a Member determined to have violated said rules and regulations shall be liable to the Association for all damages and costs, including reasonable attorneys fees.

Section 4.6. Use of Common Properties. The Board shall have the power and authority to prescribe rules and regulations which extend to and cover matters such as (but not limited to) the possession and consumption of alcoholic beverages, loud and obnoxious noises and behavior. No person or entity (excluding the Declarant) shall use any portion of the Common Properties to:

- (a) solicit, promote or conduct business, religious, political or propaganda matters;
- (b) distribute handbills, newsletters, flyers, circulars or other printed materials, without the prior written consent of the Association (which consent may be withheld in its sole and absolute discretion). The Association may, on its own motion, permit and allow town hall meetings, voting precincts, community garage sales and bazaars and other reasonable activities to occur on the Common Properties in accordance with rules and regulations deemed reasonable and appropriate by the Association.

Section 4.7. User Fees and Charges. The Board may levy and collect special charges and fees for the operation and maintenance of the Common Properties which the Declarant or the Board determines to be necessary for the advancement, benefit and welfare of the Declarant, the Owners or Residents. When Owner shall fail to pay a charge or fee when due and payable, said unpaid charge or fee shall be delinquent and upon written notice to said Owner shall become a personal debt of said Owner. Failure of any Owner to pay said fee and charge when due and payable, in addition, shall be a breach of these Covenants.

Section 4.8. Encroachments. if:(a) construction, reconstruction or repair activities which have been approved by the ARC; or (b) shifting, settlement or other movements of any portion of ARC approved improvements, results either in the Common Properties encroaching on a Lot or Dwelling Unit or in a Lot or Dwelling Unit encroaching on the Common Properties or on another Lot or Dwelling Unit, and unless otherwise directed by the ARC, a valid easement shall then and there exist to permit the encroachment and reasonable and necessary maintenance activities related thereto.

ARTICLE V

COVENANTS FOR ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it within the Subdivision, hereby covenants and agrees, and each subsequent Owner of any Lot, by acceptance of a Deed therefore, whether or not it shall be so expressed in any such Deed or other conveyance, shall be deemed to covenant and agree (and such covenant and agreement shall be deemed to constitute a portion of the purchase money and consideration for acquisition of the Lot so as to have affected the purchase price) to pay to the Association (or to an independent entity or agency which may be designated

by the Association to receive such monies):

- (1) regular Annual Assessments
- (2) special group assessments for capital improvements or unusual or emergency matters, such assessments to be fixed, established and collected from time to time as hereinafter provided;
- (3) special individual assessments levied against individual Owners to reimburse the Association for extra or unusual costs incurred for items such as but not limited to: maintenance and repairs to portions of the Properties caused by the willful or negligent acts of the individual Owner or any related Member, Resident or guest; the remedy, cure or minimizing of problems caused by, or as a result of; violations of these Covenants by an Owner or any related Member of Resident or guest;
- (4) individual assessments and fines levied against an individual Owner for violations of rules and regulations pertaining to the Association and/or the Common Properties; and
- (5) special transfer assessment, discussed in **Article XI** below.

The regular, special group, special individual and individual assessments, together with such late charges, interest and costs of collection thereof as are hereinafter provided, shall be a charge on the land and shall be a continuing lien upon each Lot against which each such assessment is made and shall also be the continuing personal obligation of the then-existing Owner of such Lot at the time when the assessment fell due. Each Owner of each Lot shall be directly liable and responsible to the Association for the acts, conduct and omission of each and every Member, Resident, and guest associated with the Dwelling Unit(s) on such Owner's Lot.

Section 5.2. Purposes of Assessments. The assessments levied by the Association shall be used in connection with the Common Properties and operation of the Association and the Subdivision; carrying out the duties of the Board of Directors of the Association as set forth in **Articles IV and VI** herein; carrying out the order various matters set forth herein and for any matter or thing in connection with any zoning, subdivision, platting, building, development or occupancy requirements of any governmental authority.

Section 5.3. Basis and Amount of Annual Assessments. Until and unless otherwise determined by the Board of Directors of the Association, the maximum initial regular base assessment shall be One Hundred Fifty Dollars (\$150.00) per Lot per year. The Association's Board of Directors may fix the actual regular base assessment at an amount equal to or less than the maximum regular base assessment. The Board may establish a time-price differential schedule for the payment of the regular assessment in which the lowest amount is the actual regular base assessment.

The Board of Directors maybe permitted to increase the maximum Annual Assessment without a vote of the Members, but such an adjustment should not exceed ten percent (10%) of the previous year's maximum Annual Assessment, or the change in the Consumer Price Index, whichever is greater. The annual maximum assessment may not be otherwise increased without the assent of at least eighty percent (80%) of the Owners at a meeting called for that purpose. The Board shall not increase the Annual Assessment except pursuant to this Section and shall not increase the Annual Assessment more than once in any Fiscal Year.

Notwithstanding any provision herein to the contrary, any and all lots owned by the Declarant

during the Development Period shall be exempt from the payment of any and all assessments of any kind or character. Further, Declarant may exempt each Homebuilder from the payment of assessments for 180 days in accordance with Section 5.5 below after the closing of each lot sold to such Homebuilder.

Section 5.4. Special Group Assessment. In addition to the regular Annual Assessment authorized by Section 5.3 hereof, the Association may levy in any Fiscal Year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of a capital improvement upon the Common Properties, or for any unusual or emergency purpose(s) (including without limitation those matters arising out of litigation and/or judgments), provided that any such assessment shall have the affirmative approval of at least sixty percent (60%) of the individuals comprising the Board.

Section 5.5. Rate of Assessment. Both regular and special group assessments must be fixed at a uniform rate for all residential Lots owned by Class A Members who are not Homebuilders, unless otherwise approved by at least sixty percent (60%) of the individuals comprising the Board. The Declarant shall have the right to collect \$50.00/Lot from each Homebuilder to cover the first 180 days from and after the closing of each particular Lot, and thereafter the Homebuilder shall pay the standard regular assessment for such Lot.

Section 5.6. Date of Commencement of Assessments Due Dates. The Annual Assessment shall be due and payable in full in advance on the first day of each Fiscal Year and shall, if not paid within thirty (30) consecutive calendar days thereafter, become delinquent. The Board shall use reasonable efforts to provide each Owner with an invoice statement of the appropriate amount due, but any failure to provide such a notice shall not relieve any Owner of the obligation established by the preceding sentence. The Board may (but is not required to), however, prescribe time-price differential payment schedules which would permit the collection of an amount greater than the Annual Assessment on a semi-annual, quarterly or monthly basis provided that the creditworthiness of the Owner was acceptable to the Board and the inconvenience to the staff of the Association for additional invoicing and collection efforts was minimized or eliminated. The Board may further prescribe: (a) procedures for collecting advance regular Annual Assessments from new Owners, Members or Residents out of "closing transactions"; and (b) different procedures for collecting assessments from Owners who have had a recent history of being untimely in the payment(s) of assessments.

Section 5.7. Duties of the Board of Directors with Respect to Assessments.

(a) In the event of a revision to the amount or rate of the Annual Assessment, or establishment of a special group assessment, the Board shall fix the amount of the assessment against each Lot, and the applicable due date(s) for each assessment, at least sixty (60) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association;

(b) Written notice of the applicable assessment shall be actually or constructively furnished to every Owner subject thereto in accordance with the procedures then determined by the Board as being reasonable and economical; and

(c) The Board shall, upon reasonable demand, furnish to any Owner originally liable for said assessment, a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. A reasonable charge may be made by the Board for the issuance of such

certificates.

Section 5.8. Effect of Non-Payment of Assessment: the Personal Obligation of the Owner the Lien: and Remedies of Association.

(a) Effective as of the filing and recordation of this Declaration, there shall exist a self-executing and continuing contract Payment and Performance Lien and equitable charge on each Lot to secure the full and timely payment of all assessments and other charges due hereunder. Such lien shall be at all times superior to any claim of homestead by any Owner. If any assessment, charge or fine or any part thereof is not paid on the date(s) when due, then the unpaid amount of such assessment, charge or fine shall, together with any late charge and interest thereon at the highest lawful rate of interest per annum and costs of collection thereof, become a continuing debt secured by the self-executing Payment and Performance Lien on the Lot of the non-paying Owner/Membership/Resident which shall bind such Lot in the hands of the Owner and such Owner's heirs, executors, administrators, devisees, personal representatives, successors and assigns. The Association shall have the right to reject partial payments of an unpaid assessment or other monetary obligation and demand the full payment thereof. The personal obligation of the then-existing Owner to pay such assessment, however, shall remain the Owner's personal obligation and shall not pass to such Owner's successors in title unless expressly assumed by them. The lien for unpaid assessments shall be unaffected by any sale or assignment of a Lot and shall continue in full force and effect. No Owner may waive or otherwise escape liability for any assessment provided herein by non-use of the Common Properties or abandonment of the Lot. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such assessments being a separate and independent covenant on the part of each Owner;

(b) The Association may also give written notification to the holder(s) of any mortgage on the Lot of the non-paying Owner of such Owner's default in paying any assessment, charge or fine, particularly where the Association has theretofore been furnished in writing with the correct name and address of the holder(s) of such mortgage, a reasonable supply of self-addressed postage prepaid enveloped, and a written request to receive such notification;

(c) If any assessment, charge or fine or part thereof is not paid when due, the Association shall have the right and option to impose a late charge (but only to the extent permitted by applicable law) to cover the additional administrative costs involved in handling the account and/or to reflect any time-price differential assessment schedule adopted by the Association. The unpaid amount of any such delinquent assessment, charge or fine shall bear interest from and after the date when due at the highest lawful rate of interest per annum until fully paid. If applicable state law provides or requires an alternate ceiling under Vernon 5 Annotated Texas Civil Statutes Article 5069-1.04, then that ceiling shall be the indicated rate ceiling. The Association may, at its election, retain the services of an attorney to review, monitor and/or collect unpaid assessments, charges, fines and delinquent account any and all attorneys fees and other costs of collection incurred by the Association;

(d) The Association may, at its discretion but subject to all applicable debt collection statutes; (1) prepare and file a lien affidavit in the public records of Kaufman County, Texas which specifically identifies the unpaid assessments, charges or fines; and (2) publish and post, within one or more locations within the

Properties, a list of those individuals or entities who are delinquent and, if applicable, their suspended use and enjoyment of the Common Properties until and unless the delinquency has been cured to the reasonable satisfaction of the Association. Each Owner consents to these procedures and authorizes the Board to undertake such measures for the general benefit of the Association;

(e) All agreements between any Owner and the Association and/or Declarant, whether now existing or hereafter arising and whether written or oral and whether implied or otherwise, are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to the Association and/or Declarant or for the payment or performance of any covenant or obligation contained herein or in any other document exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof or of such other document at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and of from any such circumstance the Association and/or Declarant should ever receive an amount deemed interest by applicable law applied to the reduction of the actual base assessment amount or principal amount owing hereunder and other indebtedness of the Owner of the Association and/or Declarant and not to the payment of interest if such excessive interest exceeds the unpaid balance of the actual Annual Assessment hereof and such other indebtedness, the excess shall be refunded to Owner. All sums paid or agreed to be paid by any Owner for the use, forbearance or detention of any indebtedness to the Association and/or Declarant shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the interest charged, collected or received on account of such indebtedness is never more than the maximum amount permitted by applicable law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between any Owner and the Association and/or Declarant.

Section 5.9. Power of Sale. The lien described within the preceding Section is and shall be a contract Payment and Performance Lien. Each Owner, for the purpose of better securing each and all monetary obligations described within these Covenants, and in consideration of the benefits received and to be received by virtue of the ownership of real estate within the Dalview Estates Subdivision, has granted, sold and conveyed and by these covenants does grant, sell and convey unto the Trustee, such Owner's Lot. To have and to hold such Lot, together with the rights, privileges and appurtenances thereto belonging unto the said Trustee, and to its substitutes or successors, forever. And each Owner does hereby bind himself and/or herself, their heirs, executors, administrators and assigns to warrant and forever defend the Lot unto the said Trustee, its substitutes or successors and assigns, forever, against the claim, or claims of all persons claiming or to claim the same or any part thereof.

This conveyance is made to trust to secure payment of each and all assessments and other obligations prescribed by these Covenants to and for the benefit of the Association as the "Beneficiary". In the event of default in the payment of any obligation hereby secured, in accordance with the terms thereof, then and in such event, Beneficiary may elect to declare the entire indebtedness hereby secured with all interest accrued thereon and all other sums hereby secured due and payable (subject, however, to the notice and cure provisions set forth in Section 51.002 of the Texas Property Code), and in the event of default in the payment of said indebtedness when due or declared due, it shall thereupon, or at any time thereafter, be the duty of the Trustee, or its successor or substitute as hereinafter provided, at the request of Beneficiary (which request is hereby conclusively presumed), to enforce this trust; and after advertising the time, place and terms of the sale of the Lot then subject to the lien hereof and mailing and filing notices as required by Section 51.002, Texas Property Code, as then amended, and otherwise complying with that statute, the Trustee shall sell the Lot, then subject to the lien hereof, at public auction in accordance with such notices on the first Tuesday in

any month between the hours of ten o'clock A.M. and four o'clock P.M., to the highest bidder for cash, selling all of the Lot as an entirety or in such parcels as the Trust acting may elect, and make due conveyance to the purchaser or purchasers, with general warranty binding upon the Owner, his heirs and assigns; and out of the money arising from such sale, the trustee acting shall pay first, all the expense of advertising the sale and making the conveyance, including a reasonable commission to itself, which commission shall be due and owing in addition to the attorney's fees provided for, and then to Beneficiary the full amount of principal, interest, attorney's fees and other charges due and unpaid on said indebtedness secured hereby, rendering the balance of the sales price, if any, to the Owner, his heirs or assigns and/or to any other lien holder (if so required by applicable law); and the recitals in the conveyance to the purchaser or purchasers shall be hill and conclusive evidence of the truth of the matters therein stated, and all prerequisites to said sale shall be presumed to have been performed, and such sale and conveyance shall be conclusive against the Owner, his heirs and assigns.

It is agreed that in the event a foreclosure hereunder should be commenced by the Trustee, or its substitute or successor, Beneficiary may at any time before the sale of said property direct the said Trustee to abandon the sale, and may then institute suit for the collection of said indebtedness, and for the foreclosure of this contract Payment and Performance Lien; it is further agreed that if Beneficiary should institute a suit for the collection thereof, and for a foreclosure of this contract lien, that it may at any time before the entry of a final judgment in said suit dismiss the same, and require the Trustee, its substitute or successor to sell the Lot in accordance with the provisions of this Section. Beneficiary, if it is the highest bidder, shall have the right to purchase at any sale of the Lot, and to have the amount for which such Lot is sold credited on the debt the owing. Beneficiary in any event is hereby authorized to appoint a substitute trustee, or a successor trustee, to act instead of the Trustee named herein without other formality than the designation in writing of a substitute or successor trustee; and the authority hereby conferred shall extend to the appointment of other success and substitute trustees successively until the indebtedness hereby secured has been paid in full, or until said Lot is sold hereunder, and each substitute and successor trustee shall succeed to all of the rights and powers of the original trustee named herein. In the event any sale is made of the Lot, or any portion thereof, under the terms of this section, the Owner, his heirs and assigns, shall forthwith upon the making of such sale surrender and deliver possession of the property so sold to the purchaser at such sale, and in the event of his failure to do so he shall thereupon from and after the making of such sale be and continue as tenants at will of such purchaser, and in the event of his failure to surrender possession of said property upon demand, the purchaser, his heirs or assigns, shall be entitled to institute and maintain an action for forcible detailed of said property in the Justice of the Peace Court in the Justice Precinct in which such property, or any part thereof, is situated. The foreclosure of the continuing contract lien on any one or more occasion shall not remove, replace, impair or extinguish the same continuing lien from securing all obligations arising from and after the date of foreclosure.

Section 5.10. Rights of City of Forney Authorities. In the event that the Association, its successors or assigns, shall fail or refuse to adequately maintain the appearance and condition of the Common Properties which it is obligated to maintain hereunder, city of Forney having jurisdiction shall have the right and at their option may assume the duty of performing all such maintenance obligations of the Association at any time, upon giving written notice to the Owners or at any time after the expiration of the (10) days after receipt by the Association, its successors or assigns, of written notice specifying in detail the nature and extent of the failure to maintain without such failure being remedied. Upon assuming such maintenance obligations, city of Forney may levy an assessment upon each Lot on a pro rate basis for the cost of such maintenance, notwithstanding any other provisions contained in this Declaration, which assessment shall constitute a lien upon the Lot against which each assessment is made. During the period that the city of Forney options to assume the maintenance of the Common Properties city of Forney shall cease and

terminate when the Association, its successors or assigns, shall present to city of Forney reasonable evidence of its willingness and ability to resume maintenance of the Common Properties. In the event that the city of Forney assumes the duty of performing the maintenance obligations of the Association as provided herein, then city of Forney, its agents, representatives and employees shall have right of access to and over the Common Properties for the purpose of maintaining, improving and preserving the same; and in no event, and under no circumstances, shall city of Forney be liable to the Association or any Owner, Resident or Member, or their respective heirs, executors, administrators, devisees, personal representatives, successors and assigns for negligent acts and preserving the Common Properties, or to any Owner, Resident, Member, the Association or any other person for failure to perform such maintenance.

Section 5.11. Subordination of the Lien to Mortgages. The lien securing the payment of the assessments and other obligations provided for herein shall be superior to any and all other charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon any Lot whether arising from or imposed by judgment or decree or by any agreement; contract, mortgage or other instrument, except for:

- (a) bona-fide first mortgage or deed of trust liens for purchase money and/or home improvement purposes placed upon a Lot, including without limitation Institutional Mortgages and Eligible Mortgages, in which event the Association's lien shall automatically become subordinate and inferior to such first lien;
- (b) liens for taxes or other public charges as are made superior to the Association's lien by applicable law; and
- (c) such other liens about which the Board may, in the exercise of its reasonable discretion, elect to voluntarily subordinate the Association's lien; provided however, such subordination shall apply only to: (1) the assessments which have been due and payable prior to the foreclosure sale (whether public or private) of such Lot pursuant to the terms and conditions of any such first mortgage or deed of trust or tax lien; (2) the permitted lien on the Lot alone and not on or to any easement appurtenant for use and enjoyment of the Common Properties. Such sale shall not relieve such Lot from liability for the amount of any assessment thereafter becoming due nor from the lien of any such subsequent assessment. Such subordination shall not apply where the first mortgage or deed of trust or tax lien is used as a device, scheme or artifice to evade the obligation to pay assessments and/or to hinder the Association in performing its functions hereunder.

Section 5.12. Exempt Property. The following property otherwise subject to this Declaration shall be exempt from any assessments, charge and lien created herein:

- (a) All properties dedicated to and accepted by a local public or governmental authority;
- (b) Common Properties;
- (c) Exempt Property; and
- (d) All properties owned by Declarant.

ARTICLE VI GENERAL POWERS AND DUTIES OF THE

BOARD OF DIRECTORS OF THE ASSOCIATION

Section 6.1. Powers and Duties. The affairs of the Association shall be conducted by its Board. The Board, for the benefit of the Declarant, the Association, the Properties and the Owners and the Members and Residents, may provide and may pay for, out of the assessment fund(s) provided for in **Article V** above, one or more of the following:

- (a) Care, preservation and maintenance of the Common Properties (including without limitation the proper maintenance of the private streets) and the furnishing and upkeep of any desired personal property for use in or on the Common Properties;
- (b) Recreational and social programs and activities for the general benefit of the Residents and limited to) infants, adolescents, teenagers, students, mothers and senior citizens;
- (c) Supplementing (to the extent, if any, deemed necessary, appropriate and affordable by the Board) the police, fire, ambulance, garbage and trash collection and similar services within the Properties traditionally provided by local governmental agencies;
- (d) Taxes, insurance and utilities (including, without limitation, electricity, gas, water, sewer and telephone charges) which pertain to the Common Properties.
- (e) The services of any person or firm (including the Declarant and any affiliates of the Declarant) to manage the Association or any separate portion thereof, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager of the Association. The Board is specifically authorized to hire and employ one or more managers, secretarial, clerical, staff and support employees. The Board is specifically authorized to engage personnel (such as ad valorem tax consultants and computer operators) and purchase equipment (such as computers, software and electronic communication and transmission devices) for the administration of the collection of assessments described within the preceding Article V;
- (f) Legal and accounting services and all costs and expenses reasonably incurred by the Architectural Review Committee; and
- (g) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of this Declaration or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of this Declaration.

Section 6.2. Additional Rights, Powers and Duties. The Board shall have the following additional rights, powers and duties:

- (a) To execute all declarations of ownership for tax assessment purposes with regard to any of the Common Properties owned by the Association;
- (b) To enter into agreements or contracts with insurance companies, Taxing Authorities, the holders of first mortgage liens on the individual Lots and utility companies with respect to:

(1) any taxes on the Common Properties; (2) monthly escrow and impound payments by a mortgage regarding the assessment, collection and disbursement process envisioned by **Article V** hereinabove; (3) utility installation, consumption and service matters; and (4) the escrow or impounding of monies sufficient to timely pay the Annual Assessment applicable to any Lot;

- (c) To borrow funds (including, without limitation, the borrowing of funds from the Declarant and/or its affiliates) to pay costs of operation, secured by such assets of the Association as deemed appropriate by the lender and the Association;
- (d) To enter into contracts, maintain one or more bank accounts and, generally, to have all the powers necessary or incidental to the operation and management of the Association;
- (e) To protect or defend the Common Properties from loss or damage by suit or otherwise, to sue or defend in any court on behalf of the Association and to provide adequate reserves for repairs and replacements;
- (f) To make reasonable rules and regulations for the operation of the Common Properties and to amend them from time to time and to enter into concession agreements regarding food, beverage, vending and other products and services within the Common Properties;
- (g) To prepare an annual operating budget and to make available for review by each Owner at the Association offices within ninety (90) days after the end of each Fiscal Year an annual report;
- (h) Pursuant to **Article VII** herein, to adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency; and
- (i) To enforce the provisions of this Declaration and any rules made hereunder and to enjoin and seek damage from any Owner, Resident or Member for violation of such provisions or rules. The Board is specifically authorized and empowered to establish (and to revise and amend from time to time) a monetary "fines" system which may include component steps as warning citations ticketing, due process hearings and appeals and a flat rate or discretionary range or geometric progression of fine amounts, which, when pronounced, shall constitute a permitted individual Lot Owner assessment secured by the continuing Payment and Performance Lien herein established.

Section 6.3. Dealings Between Association and Declarant. The Association may: (1) borrow monies from the Declarant; (2) lease equipment from the Declarant; (3) contract with the Declarant concerning the provision of any personnel, labor, supplies, materials and services, provided such contract terms and conditions are: generally comparable (in terms of price, quality and timeliness) with those that might be otherwise obtained from unrelated third parties; and, as to professional management contracts, terminable by the Association at any time for any reason whatsoever and without penalty upon furnishing at least ninety (90) days advance notice thereof to Declarant. The Board shall not be required to solicit bids from unrelated third parties before entering into any contract with the Declarant (absent fraud, gross negligence or willful misconduct) and any such contract shall be final and conclusive and binding upon the Association and all of its Members,

Section 6.4. Declarant Authorized to Act. In the event or if for any reason the Board is not deemed authorized to act for and on behalf of the Association and the Members, then the Declarant may exercise its power and authority under **Section 13.1**, to act for and on behalf of the Association and the Members, and the Association shall reimburse the Declarant for any and all reasonable expenses incurred in so acting.

Section 6.5. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner, Member or Resident (including, without limitation, the Declarant) for performance, on behalf of the Association, of services which the Association is 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 interests of the Association.

Section 6.6. Liability Limitations. Neither any Resident nor the directors and officers and managers of the Association shall be personally liable for debts contracted for or otherwise incurred by the Association or for any torts committed by or on behalf of the Association or for a tort of another Resident, whether such other Resident was acting on behalf of the Association or otherwise. Neither the Declarant, the Association its directors, officers, managers, agents or employees shall be liable for any actual, incidental or consequential damages for failure to inspect any premises, improvements or portion thereof or for failure to repair or maintain the same. The Declarant, the Association or any other person, firm or corporation liable to make such repairs or maintenance shall not be liable for any personal injury or other actual, incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portion thereof.

Section 6.7. Reserve Funds. The Board may establish reserve funds which may be maintained and/or accounted for separately from other funds maintained for annual operating expenses any may establish separate, irrevocable trust accounts or any other recognized bookkeeping or tax procedures in order to better demonstrate that the amounts deposited therein are capital contribution and not net or taxable income to the Association.

ARTICLE VII
INSURANCE; REPAIR; RESTORATION;
COMMUNITY SERVICES ARRANGEMENTS

Section 7.1. Right to Purchase Insurance. The Association shall have the right and option to purchase, carry and maintain in force insurance covering any or all portions of the Common Properties, any improvements thereon or appurtenant thereto, for the interest of the Association, its Board of Directors, officers, managers, agents and employees, and all Members of the Association, in such amounts and with such endorsements and coverage as shall be deemed appropriate by the Board and/or as specifically required by the Eligible Mortgagees or Eligible Insurers. Such insurance may include, but need not be limited to:

- (a) Insurance against loss or damage by fire and hazards covered by a standard extended coverage endorsement in an amount which shall be equal to the maximum insurable replacement value, excluding foundation and excavation costs;

- (b) Comprehensive public liability and property damage insurance on a broad form basis, including coverage of personal liability (if any) of the Board, Owners, Residents and Members with respect to the Common Properties;
- (c) Fidelity bonds for all officers and employees of the Association having control over the receipt or disbursement of funds; and
- (d) Liability insurance regarding the errors and omissions of directors, officers, managers, employees and representatives of the Association.

Section 7.2. Insurance and Condemnation Proceeds. The Association shall be the exclusive representative of the Members in any proceedings, negotiations, settlements or agreements concerning insurance or condemnation. The Association and the Members may use the net insurance or condemnation proceeds to repair and replace any damage or destruction of property, real or personal, covered by each insurance or condemnation. Any balance from the proceeds of insurance or condemnation paid to the Association, remaining after satisfactory completion of repair and replacement or after the Board has elected to waive the repair, restoration or replacement, shall be retained by the Association as part of a general reserve fund for repair and replacement of the Common Properties.

Section 7.3. Insufficient Proceeds. If the insurance or condemnation proceeds are insufficient to repair or replace any loss or damage, the Association may levy a special group assessment as provided for in Article V of this Declaration to cover the deficiency.

Section 7.4. Community Services Arrangements. Declarant or the Association in its/their sole discretion may now or hereafter arrange for any one or more of (1) restricted vehicle access to the Properties (2) utilization of a mechanical entry gate, and/or (3) unarmed community services personnel generally stationed at gatehouse entry point(s), if any, to the Properties.

In the event any such actions are taken, Declarant and the Association do not warrant or guarantee that: (a) the community services personnel and/or gate arrangements are sufficient and adequate to diminish or eliminate the commission of crimes against persons or property; or (b) crimes against persons or property will not be attempted or actually occur within the Properties. Such community services arrangements are not designed or intended to replace the conventional law enforcement and fire protection and paramedical services, if any, available in Kaufman County, Texas nor will such items restrict or impede pedestrian traffic into the Properties.

The Association may carry public liability insurance generally covering bodily injury and property damage arising out of negligent acts by officers, directors and employees of the Association. The Association will not carry any insurance pertaining to, nor does it assume any liability or responsibility for, bodily injury to, or the real or personal property of, the Owners, Residents and Members (and their respective family members and guests).

Each Owner, Resident and Member expressly understands, covenants and agrees with the Declarant and the Association that;

- (a) Neither Declarant nor the Association has any responsibility or liability of any kind or character whatsoever regarding or pertaining to the real and personal property of each Owner

Resident and Member;

- (b) Each Owner, Resident and Member shall, from time to time and at various times, consult with reputable insurance industry representatives of such Owners, Resident's and Members own selection to select, purchase, obtain and maintain appropriate insurance providing the amount type and kind of insurance deemed satisfactory to such Owner, Resident and Member covering his or her real and personal property;
- (c) Each Owner, Resident and Member releases and holds Declarant, ~~the~~ Board and the Association harmless from any uninsured liability, claims, causes of action or damages of any kind or character, whatsoever arising out of or related (directly or indirectly) to all aspects of any community services system implemented and all private streets within the Properties, including, without limitation:
 - (1) ~~the~~ interviewing, hiring, training, licensing (if any), bonding (if any) and employment of community services personnel, if any;
 - (2) the instructions, directions and guidelines issued to or by the community services personnel, any;
 - (3) the duties, performance, actions, inactions or omissions of or by the community services personnel, if any;
 - (4) the functioning (whether mis-, mal-, or non-) of the mechanical gate access devices, if any; and
 - (5) any impediment that mechanical gate access devices, if any, may cause to law enforcement and fire protection and paramedic services available in Kaufman County, Texas.
- (d) Each owner, Resident and Member will cooperate with Declarant, the Association and the ARC in connection with the establishment, evolution and maintenance of reasonable control on the pedestrian and vehicular traffic into and within the Properties and abide by any and all rules and regulations of the Association, as adopted and promulgated from time to time, related to the entry upon and use of any private streets and other Common Areas within the Properties.

ARTICLE VIII **ARCHITECTURAL REVIEW**

Section 8.1. Architectural Review Committee. The Architectural Review Committee ("ARC") shall be composed of a least three (3) individuals selected and appointed by the Declarant, each generally familiar with residential and community development design matters and knowledgeable about the Declarant's concern for a consistent approach to and construction of improvements within the Dalview Estates Subdivision. In the event of the death, incapacity or resignation of any member of the ARC, the Declarant (during the Development Period) shall have full authority to designate and appoint a successor. From and after conclusion of the Development Period, the ARC members shall be appointed, and replaced in the event of death, incapacity or resignation, by the Board.

Section 8.2. Arc Jurisdiction. No building, structure, fence, wall or improvement of any kind or nature shall be erected, placed or altered on any Lot until all plans and specifications have been submitted to and approved in writing by the ARC, or a majority of its members, as to:

- (1) quality of workmanship and materials, adequacy of site dimensions, adequacy of structure design, proper facing of main elevation with respect to nearby street, and zero lot-line considerations, in accordance with this Declaration and/or the Design Guidelines and/or bulletins;
- (2) minimum finished floor elevation and proposed footprint of the dwelling;
- (3) conformity and harmony of the external design, color, type and appearance of exterior surfaces and landscaping;
- (4) drainage solutions;
- (5) the observance of and compliance with applicable setback lines and easement areas and the enhancement of aesthetic views and visual corridors to and from the Common Properties; and
- (6) the other standards set forth within this Declaration (and any amendments hereto) or as may be set forth within the Design Guidelines, bulletins promulgated by the ARC, or matters in which the ARC has been vested with the authority to render a final interpretation and decision.

The ARC is authorized and empowered to consider and review any and all aspects of construction and location of improvements and landscaping, which may, in the reasonable opinion of the ARC, adversely affect the living enjoyment of one or more Owner(s) or Residents or the general value of the Properties. Also, the ARC is permitted to consider technological advances and changes in design and materials and such comparable or alternative techniques, methods or materials may or may not be permitted, in accordance with the reasonable opinion of the ARC.

The following is a general outline of the steps likely to be involved in the review of plans and specifications:

- (1) Submit preliminary plans and specifications to the ARC;
- (2) Submit final plans and specifications to the ARC;
- (3) Submit plans and specifications to any governmental body requiring such review; and
- (4) Submit copy of building permit, if any, to the ARC.

The ARC may require as a condition precedent to any approval of the final plans and specifications, that the applicant obtain and produce any building permits required by any governmental entity. The ARC is also authorized to coordinate with all governmental entities in connection with the applicant's observance and compliance of the construction standards set forth in this Declaration.

Each Owner shall use its respective best efforts to commence construction of all improvements approved by the ARC required by any governmental entity within sixty (60) days after obtaining all necessary governmental approvals therefore and thereafter diligently pursue the project through to completion.

Section 8.3. Design Guidelines. The ARC may (but shall not be required to), from time to time, publish and promulgate additional or revised Design Guidelines, and such design guidelines shall be explanatory and illustrative of the general intent of the proposed development of the Properties and are intended as a guide to assist the ARC in reviewing plans and specifications. The Architectural Review Committee shall have the right, power and authority to establish and prescribe architectural restrictions and guidelines pertaining to items and topics such as but not necessarily limited to:

- (a) A site plan showing the "footprint" of the building, lot-line factors, set-back lines, location of all existing trees (indicate size and type) and proposed improvements, including but not limited to, structures, patios, driveways, parking areas and structures, fences and walls.
- (b) Exterior elevations of all proposed buildings and structures.
- (c) A description and samples of exterior materials, colors, textures and shapes of all buildings and structures.
- (d) Landscape plans, which shall include walkways fences, walls, details, elevation changes, irrigation and watering systems, vegetation and ground cover (indicating size, spacing and quantity), and the protection and preservation of trees and other existing and introduced vegetation.
- (e) Utility connections, including routing of electrical, gas, water, sanitary sewer, telephone cables and prewired CATV facilities.
- (f) Exterior illumination and location.
- (g) Dimensional floor plan of all enclosed spaces and any garages or parking facilities.
- (h) Smoke detector locations.
- (i) Mailbox location and design.
- (j) Drainage solutions.
- (k) Such other matters as may be required by the then applicable zoning and building codes of any governmental entity having jurisdiction.
- (l) The items described within Section 8.2 above and any other data or information requested or deemed reasonable necessary by the Architectural Review Committee.

PRIOR TO ACQUIRING ANY INTEREST IN A LOT, EACH PROSPECTIVE PURCHASER, TRANSFEREE, MORTGAGEE AND OWNER OF ANY LOT IN THE SUBDIVISION IS STRONGLY ENCOURAGED TO CONTACT THE DECLARANT OR ASSOCIATION OR THE ARC TO OBTAIN AND REVIEW THE MOST RECENT DESIGN GUIDELINES WHICH WILL CONTROL THE DEVELOPMENT, CONSTRUCTION AND USE OF THE LOT.

Section 8.4. Preliminary and Final Plan Submissions. The Architectural Review Committee is authorized and empowered to and shall consider, review and comment on preliminary plans submitted in duplicate on an informal basis to assist Owners, developers, homebuilders and prospective purchasers of the Lots in complying with these Covenants and to assist in the completion of any feasibility studies undertaken by such persons or entities. The ARC shall have the right, however, to prescribe limitations concerning the time, effort and expense likely to be involved in handling such matters on an informal basis. If the preliminary plans and specifications are approved by the ARC, the Owner or the Owners designated representative will be so advised by letter containing a reasonable statement and explanation of items found not to comply with these Covenants. If the ARC fails to approve or disapprove such plans and specifications within fifteen (15) days after the actual date on which the submission is received, approval of the matters submitted shall be presumed. Comments on and approvals of preliminary plans and specifications shall be binding upon the Architectural Review Committee provided that conforming final plans and specifications are submitted within ninety (90) days of such preliminary comments or approvals.

Final plans, specifications and surveys shall be submitted in duplicate to the Committee for approval or disapproval. The Committee is authorized to request the submission of samples of proposed construction materials. At such time as the plans, specifications and surveys meet the approval of the ARC, one complete set will be marked "Approved" and returned to the Lot Owner or his designated representative. If found not to be in compliance with these Covenants, one set of such plans, specifications and surveys shall be returned marked "Disapproved", accompanied by a reasonable statement and explanation of items found not to comply with these Covenants. Any modification or change to the approved set of plans, specifications and surveys must again be submitted to the ARC for its inspection and approval. The ARC's approval or disapproval, as required herein, shall be in writing. If the ARC fails to approve or disapprove such plans, specifications and surveys within thirty (30) days after the actual date on which the submission is received, then the ARC approval shall be presumed.

Section 8.5. ARC General. The ARC shall be entitled, at any time and from time to time, to associate or employ a staff and to seek and obtain professional advice and counsel (including but not limited to architects, attorneys, designers, engineers and landscape technicians) in connection with the performance of its duties with all reasonable costs and expenses related thereto paid for or reimbursed by the Association. The Association may, in turn, reasonably recoup some or all of these expenses from the applicants seeking review and approval of plans and specifications.

The Declarant and/or the Association and/or the ARC may require any Owner to restore such Owner's improvements or alteration to the condition existing prior to the construction thereof (including, without limitation, the demolition and removal of any unapproved improvement) if such improvements or alternations were commenced or constructed in violation of this Article. In addition, the Declarant and/or the Association and/or the ARC may, but has no obligation to do so, cause such restoration, demolition and removal and levy the amount of the cost thereof as a special individual assessment against the Lot upon which such improvements or alterations were commenced or constructed. A material violation of these Covenants shall be deemed to have occurred if no prior express written approval of the ARC has been

obtained where it was originally required, even if hindsight reveals that the actual plans and specifications would have been approved by the ARC had they been properly and timely submitted.

Neither Declarant, not the Association, nor the ARC, nor the Board nor the officers, directors, managers, members, employees and agents of any of them, shall be liable in damages to anyone submitting plan and specifications to any of them for approval, or to any Owner of property affected by these restrictions by reason of mistake in judgement, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. No approval of plans and specifications and no publication of any Design Guidelines shall be constructed as representing or implying that such plans or specifications or guidelines will, if followed, result in properly designed improvements and/or improvements built in a good and workmanlike manner. Every person or entity who submits plans or specifications, and every Owner of each and every Lot, agrees that he will not bring any action or suit against Declarant, the Association, the ARC, the Board, or the officers, directors, managers, members, employees and agents of any of them, to recover any such damages and hereby releases, premises and quits claims negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release was given.

After reasonable notice to the Owner (and any applicable Resident), any member or agent of the ARC may from time to time at any reasonable hour or hours enter and inspect any property subject to the jurisdiction of the ARC to confirm improvement or maintenance or alteration in compliance with the provisions hereof. No improvements or addition or change or alteration thereof shall be constructed, erected, placed, altered or maintained on any Lot which is in violation of any applicable governmental laws, rules or regulations. However, Declarant, the Association, the ARC and their respective officers, directors, managers, agents and employees shall have no obligation to enforce or to report the violation of any such law, ordinance, rule or regulation.

The ARC shall have the power to grant variances, waivers, tolerances or modifications of the standards set forth within the Covenants under circumstances and conditions deemed reasonable, appropriate and prudent by the ARC. Matters of "quality," "adequacy" and "propriety" are to be considered by the ARC generally from an aesthetic standpoint, rather than from an engineering standpoint. Plans and specifications are not reviewed or approved for engineering or structural design or technical quality of materials, and by approving such plans and specifications neither the ARC, nor the members thereof, nor the Association assumes liability or responsibility therefore, nor for any defect in any structure constructed from such plans and specifications.

ARTICLE IX

USE OF LOTS IN THE SUBDIVISION; PROTECTIVE COVENANTS

The Subdivision (and each Lot situated therein) shall be constructed, developed, occupied and used as follows:

Section 9.1. No Lot shall be used except for residential purposes. No trade or business of any kind (other than the development of the SUBDIVISION, the sale of Lots and the building and sale of Dwelling Units) shall be conducted upon the Property or any part thereof. No structure shall be erected, placed, altered, used for, or permitted to remain on any Lot other than one detached single family private dwelling not to exceed two (2) stories and one private garage for not more than four (4) cars. Servants' quarters for use of bona-fide servants employed upon the premises must be constructed externally to harmonize with existing

structures.

Section 9.2. On all Lots the ground floor area of the main Dwelling Unit, exclusive of porches, terraces, garages and out-buildings, shall contain no less than 3,000 square feet in the case of a one-story structure, and lot less than 2,000 square feet in the case of a one and one-half or two-story structure; and the total floor area (ground floor plus second floor) of each and every Dwelling Unit shall be not less than 3,000 square feet.

Section 9.3. The exterior construction of each Dwelling Unit shall be of 80% brick, stone (including chimney) or other materials provided such other materials are approved in writing by the ARC. M1 roofs shall be a minimum of 8/12 pitch, be of wood shingle, slate, clay, timberline, asphalt shingle or concrete tile, or such other material as approved in writing by the ARC.

Section 9.4. No Dwelling Unit shall be erected on any Lot at any point nearer the front property line than fifty (50) feet or that distance designated on the recorded plat at "Building Line," nor nearer the side property line than fifteen (15) feet.

Section 9.5. Constructive of new Structures only shall be permitted, it being the intent of this Covenant to prohibit the moving of any existing building onto a Lot and remodeling or converting same into a Dwelling Unit.

Section 9.6. No Structures shall be erected, placed, or altered on any Lot until the building plans, specifications, and plot plan showing the location of the same has been approved in writing by the ARC as to quality of workmanship and materials, harmony of external design with existing structures, and as to location of the same with respect to topography and finish grade elevation, no metal building type structures.

Section 9.7. Trucks or trailers with tonnage in excess of one-ton and any vehicle with painted advertisement shall not be permitted to park overnight on the streets, driveways, or otherwise within the Subdivision at any time.

Section 9.8. No vehicle of any size which transports inflammatory or explosive cargo may be kept in this Subdivision at any time.

Section 9.9. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood.

Section 9.10. No Structure of a temporary character, such as a trailer, tent, shack, garage, barn or other out-building, shall be placed on any Lot at any time as a Dwelling Unit.

Section 9.11. No sign of any kind shall be displayed to the public view on any Lot except one sign of not more than five square feet advertising the Lot and Dwelling Unit during the initial construction and sales period.

Section 9.12. Easements for drainage facilities and easements for the installation and maintenance of utilities are reserved as shown on the recorded plat.

Section 9.13. No construction of any permanent structures, fences, swimming pools and storage buildings within any drainage easement as shown on the final plat of the project will be permitted on any

Lot.

Section 9.14. No oil drilling, oil development operation, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 9.15. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs (limit two), cats (limit two), or other household pets (limit two) may be kept provided that they are not raised, bred, or kept for commercial purposes.

Section 9.16. No Lot shall be used as a dumping ground for rubbish, trash, garbage, or other waste. Rubbish, trash, garbage, or other waste shall not be kept except in sanitary containers, and all incinerators or other equipment for the storage or other disposal of such materials shall be kept in a clean and sanitary condition.

Section 9.17. No individual water supply system shall be permitted on any Lot unless such system is located, constructed, and equipped in accordance with the requirements, standards, and recommendations of state or local public health authority. Approval of such system as installed shall be obtained from such authority.

Section 9.19. No fence on any Lot shall extend through the front building line, without prior written approval of the ARC. All fences must be either of wood, masonry or ornamental iron. All fences shall be maintained in an attractive manner.

Section 9.20. No radio or television or other type of antenna or support structure shall rise more than three (3) feet above the highest point of the roof of any building on each Lot without prior written approval of the ARC.

Section 9.21. No garage, servant house, garage house, or out-building shall be occupied by the Owner, Tenant, any Member or any other person prior to the erection and completion of a Dwelling Unit.

Section 9.22. No air conditioning apparatus shall be installed on the ground in front of a Dwelling Unit. No air conditioning apparatus shall be attached to any front wall or side wall of a Dwelling Unit. No evaporative cooler shall be installed on the front wall or sidewall of a Dwelling Unit.

Section 9.23. All mailboxes shall be affixed to a substantial brick stand permanently placed in the ground, and all mailboxes and supporting stands shall be of a design approved in writing by the ARC.

ARTICLE X **EASEMENTS**

Section 10.1. Utility Easements. Non-exclusive easements for installation, maintenance, repair and removal of utilities and drainage facilities over, under and across an area not less than two feet (2') nor more than ten foot (10') wide along the perimeter of each Lot are reserved by Declarant for itself, the Association, and all utility and CATV companies and their respective successors and assigns, serving the Subdivision and no Improvement or Structure shall be constructed or placed thereon without the express prior written consent of the ARC. Full rights of ingress and egress shall be hand by Declarant, the Association, and all utility and

CATV companies serving the Subdivision, and their respective successors and assigns, at all times over the Subdivision for the installation, operation, maintenance, repair or removal of any utility together with the right to remove any obstruction (excluding, however, any driveway, fence or other Improvement or Structure which has been theretofore specifically approved by the ARC) that may be placed in such easement that would constitute interference with the use of such easement, or with the use, maintenance, operation or installation of such utility.

Section 10.2. Sign Easements. The Association shall have the right, privilege, duty and responsibility or reasonably maintain and care for any and all signs, monuments, landscaping and the like installed or placed on any "sign easement area" depicted within the Dalview Estates Subdivision Plat(s).

Section 10.3. Ingress, Egress and Maintenance by the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon the setback and sign easement areas applicable for each Lot for the carrying out by the Association of its functions, duties and obligations hereunder; provided, however, that any such entry by the Association upon any Lot shall be made with as little inconvenience to the Owner as practical, and any change caused thereby shall be repaired by the Association at the expense of the Association's maintenance fund.

ARTICLE XI

RIGHT OF FIRST REFUSAL: REGISTRATION

Section 11.1. Right of First Refusal. THE PROVISIONS OF THIS SECTION ONLY APPLY TO UNIMPROVED LOTS AND DO NOT APPLY WHATSOEVER TO ANY LOT ON WHICH THERE IS A COMPLETED RESIDENTIAL DWELLING OR AN INSTITUTIONAL MORTGAGE BY AN ELIGIBLE MORTGAGEE OR ELIGIBLE INSURER. In order that the Declarant and the ARC may more effectively and carefully guide, control, coordinate and monitor the construction of residential dwellings within the Subdivision, prior to the commencement and completion (as determined by the ARC), of a residential dwelling and its appurtenant landscaping on a Lot, no Lot Owner (excluding the Declarant) may sell, transfer, lease, rent, devise, give, assign or in any other manner dispose of a fee or undivided fee interest in such Lot without first offering such fee interest to the Declarant, or otherwise obtaining the express written approval of the Declarant, in the manner hereinafter provided:

- (a) Any Lot Owner intending or proposing to sell, transfer, lease, rent, devise, give, assign or in any other manner dispose of a fee or undivided fee interest in a Lot (any and all such manners of disposition being referred to or considered hereinafter for convenience as "sale" or "sell") shall give written notice to the Declarant of such intention or proposal together with the terms and conditions of the sale and the name and address of the intended or proposed purchaser and such other information as the Declarant may reasonably require in connection with such transaction. The issuance of such notice to the Declarant shall constitute a warranty and representation by such Lot Owner that the proposal and purchaser are bona-fide in all respects;
- (b) Declarant shall, upon receipt of the notice described above, have the exclusive right and option, exercisable at any time during a period of fifteen (15) days from the receipt of said notice, to purchase or acquire the subject Lot at the same price and on the same terms and conditions as set forth in the notice; and
- (c) If Declarant does not elect to exercise its first refusal option right hereunder, the Lot Owner

shall be so notified in writing and shall be free to proceed with the sale of the Lot upon the terms and conditions, and with the same purchaser, as set forth in the notice theretofore given to the Declarant, and any proposed arrangement with a different person or entity or upon changed terms and conditions shall be subject to the same first refusal option right and the same notice requirements set forth above.

FROM AND AFTER THE DATE OF COMPLETION (AS DETERMINED BY THE ARC) OF A RESIDENTIAL DWELLING AND ITS APPURTENANT LANDSCAPING ON EACH LOT, SUCH LOT, AND THE OWNER THEREOF, SHALL NO LONGER BE AFFECTED BY THE FORGOING FIRST REFUSAL RIGHT. ANY PERSON OR ENTITY HAVING A BONA FIDE INTEREST IN ANY LOT IS ENCOURAGED TO SEEK AND OBTAIN A CERTIFICATE FROM THE ARC VERIFYING THE STATUS OF COMPLETION OF A DWELLING ON A SUBJECT LOT OR ALTERNATIVELY, A CERTIFICATE FROM THE DECLARANT AND/OR ASSOCIATION CONCERNING THE FIRST REFUSAL RIGHT PROVIDED FOR HEREIN. A REASONABLE CHARGE FOR EXECUTING AND DELIVERING ANY CERTIFICATES MAY BE CHARGED AND COLLECTED BY THE ARC AND/OR THE ASSOCIATION.

Section 11.2. Registration with the Association. In order that the Declarant and the Association can properly acquaint every Lot purchaser and every Owner, Resident and Member with these Covenants and the day-to-day matters within the Association's jurisdiction, no acquisition of any Lot within the Subdivision shall become effective until and unless:

- (a) the then-existing "Closing Information Package" and homeowner handbooks, if any, have been properly executed by the Association and the Purchaser/Transferee; and
- (b) all directives by, and all obligations to, the Association and the Declarant have been properly and timely satisfied.

Each any every Owner, Member and Resident shall have an affirmative duty and obligation to originally provide, and thereafter revise and update, within fifteen (15) days after a material change has occurred, various items of information to the Association such as: (a) the full name and address of each Owner, Member and Resident; (b) the full name of each individual family member who resides within the residential dwelling of the Lot Owner; (c) the business address, occupation and telephone numbers of each Resident; (d) the description and license plate number of each automobile owned or used by a Resident and brought within the Properties; (e) the name, address and telephone numbers of other local individuals who can be contacted (in the even the Resident cannot be located) in case of an emergency; and (f) such other information as may be reasonably requested from time to time by the Association. In the event any Owner, Member or Resident fails, neglects or refuses to so provide, revise and update such information, then the Association may, but is not required to, use whatever means its deems reasonable and appropriate to obtain such information and the offending Owner, Member and Resident shall become automatically jointly and severally liable to promptly reimburse the Association for all reasonable costs and expenses incurred in so doing.

Section 11.3. Special Assessment on Transfer. In connection with each and every transfer(s) including, without limitation, voluntary and involuntary transfers, assignments, deeds, leases for more than five (5) years, gifts, testamentary bequests, intestate transfers, muniment of title, or other instrument or by operation of law which causes or effects a transfer of a significant estate or fee simple title, but excluding the exception discussed below of record ownership title to any Lot, the Board shall have the right to collect a

special transfer assessment in any amount equal to one (1) month of the then-existing regular assessment applicable to such Lot, which sum shall be earmarked by the Board for deposit(s) to one or more of the then-existing Associate reserve funds. Such sum shall be non-refundable and shall not be regarded as a prepayment or of credit against any portion of the regular Annual Assessment.

Notwithstanding the foregoing, the following transfers are excepted and excluded from applicability and coverage of the special transfer assessment:

- (a) transfer from the Declarant to any Homebuilder;
- (b) foreclosure by any Eligible Mortgagee and/or Eligible Insurer;
- (c) transfer to, from or by the Association;
- (d) transfers by any Owner to his/her spouse or any other member of such Owner's immediate family;
- (e) transfers between or among existing Owners (regardless whether such Owners are spousal, family or otherwise) of the same Lot;
- (f) any transfer in which the assessment envisioned by **Section 12.11** is being collected;
- (g) transfer by Declarant of all Lots remaining in the Subdivision to a single purchaser in a single transaction.

The Board of Directors is authorized from time to time and at any time to develop and implement such procedures, forms and collection mechanisms as it deems reasonable and appropriate to administer and collect this transfer assessment.

ARTICLE XII

RIGHTS OF CERTAIN MORTGAGES AND MORTGAGE INSURERS

Section 12.1. Benefit. The Provisions within this Article are for the primary benefit of:

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

To the extent applicable, necessary or proper, the provisions of this Article XII apply not only to this Declaration but also to the Articles of Incorporation and By-Laws of the Association. This Article is supplemental to, and not in substitution of, any other provisions of this Declaration, such Articles of Incorporation and By-Laws, but in the event of ambiguity or conflict, this Article shall control.

Section 12.2. Notices of Action. An Eligible Mortgagee or Eligible Insurer who provides a written request to the Association (such request to state the name and address of such holder, insurer or guarantor and a reasonable description of the Dwelling Unit covered by the Eligible Mortgage) will be entitled to receive timely written notice of:

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

Section 12.3. Joinder to Documents. In addition to the provisions set forth within **Article XIII**, Eligible Mortgagees who have requested the Association to notify them concerning any proposed action also have the right to join in the decision making about certain amendments to this Declaration. Amendments of a material nature (as defined below) must be agreed to by: (1) at least sixty-seven (67%) of the Dwelling Unit Owners; and (2) the Declarant (during the Development Period) or the Board of Directors of the Association (after conclusion of the Development Period); and (3) Eligible Mortgagees representing at least fifty-one percent (51%) of the Dwelling Units that are subject to Eligible Mortgages. A substantive change to the provisions of this Declaration dealing with any of the following would be considered as material:

- * voting rights;
- * assessments, assessment liens, or subordination of assessment liens;
- * reserves for maintenance, repair, and replacement of Common Properties;
- * responsibility for maintenance and repairs;
- * boundaries of any Lot covered by an Eligible Mortgage;
- * convertibility of Dwelling Units into Common Properties or vice versa;
- * expansion or contraction of the Subdivision, or the addition, annexation, or withdrawal of the property to or from the Subdivision; provided, however, nothing contained herein shall prohibit or limit Declarant's rights to make additional land subject to this Declaration or a part of the Subdivision in accordance with **Article II**;

- * insurance or fidelity bonds;
- * leasing of Dwelling Units;
- * imposition of any restrictions on a Dwelling Unit Owner's right to sell or transfer his or her Dwelling Unit;
- * a decision by the Association to establish self-management when professional management had been required previously by an Eligible Mortgagee;
- * restoration or repair (after a hazard damage or partial condemnation) in a manner other than that specified herein;
- * any action to terminate the legal status of the Subdivision after substantial destruction or condemnation occurs; or
- * any provisions that expressly benefit Eligible Mortgagees or Eligible Insurers.

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

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

Section 12.4. Special FHLMC Provision. So long as required by The Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the other Sections of this Article. Unless two-thirds (2/3) of the Eligible Mortgagees or Owners give their consent, and subject to the condition that any proposed action of the Association purportedly covered by the following requirements must be material and adverse, the Association shall not:

- (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Properties which the Association owns, directly or indirectly (but the granting of easements for public utilities or for other public purposes consistent with the intended use of the Development shall not be deemed a transfer);
- (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 thereof pertaining to the architectural design or the exterior appearance and of Dwelling Units and of the Common Properties;
- (d) assign any future income of the Association, including its right to receive assessments;

- (e) fail to maintain fire and extended coverage insurance on assets owned by the Association, as required by this Declaration; or
- (f) use hazard insurance proceeds for any Common Properties losses for other than the repair, replacement or reconstruction of such properties.

The provisions of this **Section 12.4** shall not be construed to reduce the percentage vote that must be obtained from Eligible Mortgagees or Owners when a larger percentage vote is otherwise required for any of the actions described in this Section.

Eligible 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 Properties and may pay overdue premiums on casualty insurance policies, or secure new casualty insurance coverage upon the lapse of a policy, for the Common Properties, and Eligible Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 12.5. Approval of Amendments. The failure of an Eligible Mortgagee or Eligible Insurer to respond within thirty (30) days to any written request of the Association for approval of an addition or amendment shall constitute a written approval of the addition or amendment.

Section 12.6. Inspection of Books. The Association shall have current copies of the Declaration, Articles of Incorporation, Bylaws, rules and regulations, books, records and financial statements available for inspection by Dwelling Unit Owners and by Eligible Mortgagees and Eligible Insurers during normal business hours or under other reasonable circumstances.

Section 12.7. Financial Statements. The Association shall provide any Eligible Mortgagee or Eligible Insurer which submits a written request therefore with a copy of an annual financial statement within ninety (90) days following the end of each fiscal year of the Association.

Section 12.8. Enforcement. The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors and may be enforced by any of them by any available means, at law, or in equity.

Section 12.9. Attendance at Meetings. Any authorized representative(s) of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting of the Association which an Owner may attend.

Section 12.10. Working Capital Fund. To satisfy existing requirements of Eligible Mortgagees and Eligible Insurers and better insure that the Association will have the funds to meet unforeseen expenditures or to purchase additional equipment or services, Declarant and the Association shall establish a working capital fund equal to at least \$3,000,000. The Association may borrow these funds from Declarant or any other source and such sum shall be treated as debt until repaid.

ARTICLE XIII **GENERAL PROVISIONS**

Section 13.1. Power of Attorney. Each and every Owner, Member and Resident hereby makes, constitutes and appoints Declarant and his/her true and lawful attorney-in-fact, coupled with an interest and

irrevocable, for him/her and in his/her name, place ad stead and for his/her use and benefit, to do the following:

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

The rights, powers and authority of said attorney-in-fact to exercise any and all of the rights and powers herein granted shall commence and be in full force upon recondition of this Declaration in the Kaufman County Clerk's Office and shall remain in full force and effect thereafter until conclusion of the Development Period.

Section 13.2. Further Development. During the Development Period, each and every Owner, Resident and Member waives, relinquishes and shall not directly or indirectly exercise any and all rights, powers or abilities, and the Association shall not devote or expend any monies or personnel, regarding the following: to contest, object, challenge, dispute, obstruct, hinder or in any manner disagree with the proposed or actual development (including, without limitation, zoning or rezoning efforts or processes) pertaining to residential uses of any real property owned by the Declarant or by the affiliates, assignees or successors of the Declare within a two mile radius of the Subdivision.

Section 13.3. Duration. The Covenants of this Declaration shall run with and bind the land subject to this Declaration, and shall inure to the benefit of and be enforceable by the Association and/or the Owner and Resident of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for an original fifty (50) year term expiring on the fiftieth (50th) anniversary of the date of recondition of this Declaration, after which time these Covenants shall be automatically extended for the successive periods often (10) years unless an instrument is signs by the Owners of at least fifty-one percent (51%) of all Lots within this Subdivision and recorded in the Real Estate Records of Kaufman County, Texas, which contains and sets forth an agreement to abolish these Covenants; provided, however, no such agreement where approved by less than seventy-five percent (75%) of the Owners of all Lots within this Subdivision and all of the Subdivisions to abolish shall be effective unless made and recorded one (1) year in advance of the effective date of such abolishment.

Section 13.4. Amendments. The Covenants set forth herein are expressly subject to change, modification and/or deletion by means of amendment at any time and from time to time as provided herein. Notwithstanding Section 13.3, these Covenants may be amended and/or changed in part as follows:

- (a) During the Development Period, and in response to any governmental or quasi-governmental

suggestion, guideline, checklist, requisite or requirement, particularly with respect to those entities or agencies directly or indirectly involved in, or having an impact on, mortgage financing, mortgage insurance and/or reinsurance, the Declarant shall have the complete and unfettered right and privilege to amend, change, revise, modify or delete portions of these Covenants, and each and every Owner, Member and Resident specifically and affirmatively authorizes and empowers the Declarant, utilizing the attorney-in-fact status set forth in Section 13.1 above, to undertake, complete and consummate any and all such amendments, changes, revisions, modifications or deletions as Declarant (in its sole and absolute discretion) shall deem reasonable and appropriate;

- (b) During the Development Period the Declarant may otherwise amend or change these Covenants by exercising its powers under Section 13.1 hereinabove or with the approval of at least fifty-one percent (51%) of the votes of the Class A and Class B Members.
- (c) From and after conclusion of the Development Period, these Covenants may be amended or changed upon the express written consent of the Board and at least fifty-one percent (51%) of the Owners of Lots within the Subdivision.

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

Section 13.5. Enforcement. Each Owner of each Lot shall be deemed, and held responsible and liable for the acts, conduct and omission of each and every Resident, Member, guest and invitee affiliated with such Lot, and such liability and responsibility of each Owner and shall be joint and several with their Resident(s), Member(s), guests and invitees. The Payment and Performance Lien shall extend to, over and secure the proper payment and performance with each Owner. Each Owner may, upon appropriate application to and approval by the Association, impose greater or additional restraints and restrictions on the "good standing" qualifications of the Residents and Members of such Owner's Lot. Unless otherwise prohibited or modified by law, all parents shall be liable for any and all personal injuries and property damage proximately caused by the conduct of their children (under the age of 18 years) within the Properties. Enforcement of these Covenants may be initiated by any proceeding at law or in equity against any person or persons violating or attempting to violate them, whether the relief sought is an injunction or recovery of damages, or both, or enforcement of any lien created by these Covenants; but failure by the Association or any Owner to enforce any Covenant herein contained shall in no event be deemed a waiver of the right to do so thereafter.

With respect to any litigation hereunder, the prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, from the non-prevailing party.

Section 13.6. Validity. Violation of or failure to comply with these Covenants shall not affect the validity of any mortgage, bona fide lien or other similar security instrument which may then be existing on any Lot: Invalidation of any one or more of these Covenants, or any portions thereof, by a judgment or court order shall not affect any of the other provisions or covenants herein contained, which shall remain in full force and effect.

Section 13.7. Proposals of Declarant. The proposals of the Declarant, as set forth in various provisions hereinabove, are mere proposals and expressions of the existing good faith intentions and plans of the Declarant and shall not be deemed or construed as promises, solicitations, inducements, contractual commitments or material representations by the Declarant upon which any person or entity can or should

rely. Nothing contained in or inferable from this Declaration shall ever be deemed to impose under any other land owned or to be owned by the Declarant, or any related entity, any covenants, restrictions, easements or liens or to create any servitudes, negative reciprocal easements or other interests in any such land in favor of any person or entity other than the Declarant. Declarant makes no representations of any kind or character concerning the development of land parcels adjoining the Properties. Each prospective Owner should make his/her own investigation concerning those parcels and what impact, if any, same may have on the ownership, use and enjoyment of the Properties.

Section 13.8. Service Mark. Declarant is the exclusive owner and proprietor of a service mark for the Dalview Estates Subdivision and Dalview Estates (each referred to as a "Service Mark"). Unless and until a written license agreement has been sought and obtained from Declarant (and in this connection Declarant may withhold consent in its sole and absolute discretion), no person or entity may at any time and/or for any reason whatsoever use, depict, draw, demonstrate, reproduce, infringe, copy or resemble, directly or indirectly, any Service Mark.

Section 13.9. Headings. The headings contained in this Declaration are for references purposes only and shall not in any way affect the meaning or interpretation of this Declaration. Words of any gender used herein shall be held and constructed to include any other general, and words in the singular shall be held to include the plural and vice versa, unless the context requires otherwise. Examples, illustrations, scenarios and hypothetical situations mentioned herein shall not constitute an exclusive, exhaustive or limiting list of what can or cannot be done.

Section 13.10. Notices to Resident/Member/Owner. Any notice required to be given to any Resident, Member or Owner under the provisions of this Declaration shall be deemed to have been properly delivered when: (1) deposited in the United States Mail, postage prepaid, addressed to the last known address of the person who appears as the Resident, Member or Owner on the records of the Association at the time of such mailing; or when (2) delivered by hand or by messenger to the last known address of such person within the Properties; or when (3) posted on the Association's bulletin board for at least thirty (30) consecutive calendar days.

Section 13.11. Notices to Mortgagees. The holder(s) of a mortgage may be furnished with written notification from the Association of any default by the respective mortgagor/Member/Owner in the performance of such mortgagor's/Member/Owner's obligation(s) as established by this Declaration, provided that the Association has been theretofore furnished, in writing, with the correct name and address of such mortgage holder(s) and a request to receive such notification and an reasonable supply of self-addressed, stamped envelopes.

Section 13.12. Disputes. Matters of dispute or disagreement between Owners, Residents or Members with respect to interpretation or application of the provisions (excluding **Article VIII** architectural matters and issues concerning "substantial completion") of this Declaration or the Association Bylaws, shall be determined by the Board of Directors. Matters pertaining to **Article VIII** architectural matters and issues concerning "substantial completion") shall be determined by the Architectural Review Committee. The respective determinations (absent arbitrary and capricious conduct or gross negligence) shall be final and binding upon all Owners, Residents and Members.

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

DECLARANT

Dalview Estates Subdivision

By: _____

Date :7-31-00
P.O. Box 1917
Forney, TX 75126

STATE OF TEXAS
COUNTY OF KAUFMAN

Before me, the undersigned authority, on this day personally appeared Rick Wilson known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein stated.

Given upon my hand and seal of office this 31st day of July, 2000.

Notary Public in and for the State of Texas

My Commission Expires:

Mayor, City of Forney

Date : _____

STATE OF TEXAS
COUNTY OF KAUFMAN

Before me, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein stated.

Given upon my hand and seal of office this _____ day of _____, 2000.

Notary Public in and for the State of Texas

My Commission Expires:

BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION

ARTICLE I

Offices

The initial principal office of the Corporation in the State of Texas shall be located at 905 East Broad Street, P. O. Box 405, Forney, Texas 75126. The Corporation 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 Corporation may require from time to time.

The Corporation 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 does not need to be, identical with the principal office in the State of Texas, and the address of the principal office and the registered office may be changed from time to time by the Board of Directors.

Definitions

The definitions in the Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens on and for Dalview Estates, Kaufman County, Texas, dated _____, ("Declaration of Covenants") shall apply in the Bylaws.

ARTICLE II

Members

Section 1: Classes of Members

During the Development Period there shall be two (2) classes of members: Class A and Class B. Class A members shall include: (a) all Owners (other than the Declarant during the Development Period) and (b) all Residents (not otherwise Owners), who have properly and timely fulfilled all registration and related requirements prescribed by the Corporation, which may include completing

BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION

applications or other forms; paying member fees or dues; and paying other types of assessments or charges prescribed by the Corporation. The Class B member shall be the Declarant.

Upon conclusion of the Development Period, the Class B membership shall terminate and the Declarant shall become a Class A member until such time as Declarant is no longer an Owner, at which time, Declarant will no longer be a member.

Section 2: Admittance of Members

Members shall be admitted by the Board of Directors based upon compliance with registration and related requirements prescribed by the Board of Directors. Each Owner of each Lot which is subject to the Declaration of Covenants shall automatically be, and must at all times remain, a member in good standing. Each and every Resident (who is not otherwise an Owner) may, but is not required to be a member.

Section 3: Voting Rights of Members

Class A Members: Each Class member who is an Owner of a Lot shall be entitled to one (1) vote per Lot. In no event shall any one (1) Lot owned by a Class A member yield more than one (1) vote. If multiple owners of a single Lot cannot designate the voter for the Lot, then the Owner whose name appears first on the deed to the Lot shall be entitled to cast the vote for the Lot. Class A members who are not Owners shall not be entitled to vote.

Class B member: The Class B member shall have five (5) votes for each Lot it owns.

Section 4: Members not in "Good Standing"

Any Owner who is a Class A member shall not be in "good standing" and shall not be entitled to vote if such person or entity is: (a) in violation of any portion of the Declaration of Covenants; (b) delinquent in the payment of any Annual Assessment, or any other fee which is payable pursuant to the provisions of the Declaration of Covenants. Such member shall be reinstated as a member in "good standing" and entitled to vote if such member remedies any violation of the Declaration of Covenants or makes payment of any delinquent Annual Assessment or other fee imposed by the Board of Directors, including any late fees or charges.

Section 5: Transfer of Membership

Membership in this Corporation is not transferable or assignable, except in the event an Owner sells, transfers, or conveys his Lot(s) to a new Owner.

**BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION**

2 of these Bylaws must also be given to each member if election of directors is to occur at such meeting.

Section 5: Informal Action by Members

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 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.

Section 6: Quorum

The members holding one-half (½) of the votes which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 7: Proxies

At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of execution, unless otherwise provided in the proxy.

Section 8: Manner of Acting

A majority of the votes entitled to be cast on a matter to be voted upon by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by law these bylaws or the Declaration of Covenants.

Section 9: Voting by Mail

Where Directors or officers are to be elected by members or any class or classes of members, such election may be conducted by mail in such manner as the Board of Directors shall determine.

**BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION**

ARTICLE IV

Board of Directors

Section 1: General Powers

The affairs of the corporation shall be managed by its Board of Directors. Directors need not be residents of the State of Texas or members of the corporation. The Board of Directors may provide and may pay for, out of the assessment fund(s), one or more of the following:

(a) Care, preservation and maintenance of the Common Properties (including without limitation the proper maintenance of the private streets) and the furnishing and upkeep of any desired personal property for use in or on the Common Properties.

(b) Recreational and social programs and activities for the general benefit of the Residents and limited to infants, adolescents, teenagers, students, mothers and senior citizens;

(c) Supplementing (to the extent, if any, deemed necessary, appropriate and affordable by the Board) the police, fire, ambulance, garbage and trash collection and similar services within the Properties traditionally provided by local governmental agencies;

(d) Taxes, insurance and utilities (including, without limitation, electricity, gas, water, sewer and telephone charges) which pertain to the Common Properties;

(e) The services of any person or firm (including the Declarant and any affiliates of the Declarant) to manage the affairs of the Corporation, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Corporation. The Board is specifically authorized to hire and employ one or more managers, secretarial, clerical, staff and support employees. The Board is specifically authorized to engage personnel (such as ad valorem tax consultants and computer operators) and purchase equipment (such as computers, software and electronic communication and transmission devices) for the administration of the collection of assessments;

(f) Legal and accounting services and all costs and expenses reasonably incurred by the Architectural Review Committee; and

(g) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments which the Board is required to obtain or pay for pursuant to the

**BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION**

terms of the Declaration of Covenants or which in its opinion shall be necessary or proper for the operations or protection of the Corporation or for the enforcement of the Declaration of Covenants.

The Board shall have the following additional rights, powers and duties:

(a) To execute all declarations of ownership for tax assessment purposes with regard to any of the Common Properties owned by the Corporation;

(b) To enter into agreements or contracts with insurance companies, Taxing Authorities, the holders of first mortgage liens on the individual Lots and utility companies with respect to:

(1) any taxes on the Common Properties; (2) monthly escrow and impound payments by a mortgage regarding the assessment, collection and disbursement process envisioned by Article V of the Declaration of Covenants; (3) utility installation, consumption and service matters; and (4) the escrow or impounding or monies sufficient to timely pay the Annual Assessment applicable to any Lot;

(c) To borrow funds to pay costs of operation, secured by such assets of the Corporation as deemed appropriate by the lender and the Corporation;

(d) To enter into contracts, maintain one or more bank accounts and, generally, to have all the powers necessary or incidental to the operation and management of the Corporation;

(e) To protect or defend the Common Properties from loss or damage by suit or otherwise, to sue or defend in any court on behalf of the Corporation and to provide adequate reserves for repairs and replacements;

(f) To make reasonable rules and regulations for the operation of the Common Properties and to amend them from time to time and to enter into concession agreements regarding food, beverage, vending and other products and services within the Common Properties;

(g) To prepare an annual operating budget and to make available for review by each Owner at the Corporation's offices within ninety (90) days after the end of each Fiscal Year an annual report;

(h) To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency; and

**BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION**

(i) To enforce the provisions of the Declaration of Covenants and any rules made pursuant thereto and to enjoin and seek damage from any Owner, Resident or member for violation of such provisions or rules. The Board is specifically authorized and empowered to establish (and to revise and amend from time to time) a monetary "fines" system which may include component steps as warning citations ticketing, due process hearings and appeals and a flat rate or discretionary range or geometric progression of fine amounts, which, when pronounced, shall constitute a permitted individual Lot Owner assessment secured by the continuing Payment and Performance Lien established in the Declaration of Covenants.

Section 2: Number, Tenure and Qualifications

The number of Directors initially shall be three (3) and shall be elected by the Class B member. Beginning with the fifth (5th) annual meeting of the members and continuing thereafter the Directors shall be expanded to consist of five (5) individual Directors, three (3) of whom shall be elected by the Class B member and two (2) of whom shall be elected by the Class A members. In the event the Development Period ends before the fifth (5th) annual meeting of the members, beginning with the first (1st) annual meeting after the end of the Development Period and continuing thereafter, the Directors shall consist of five (5) individual Directors, all of whom shall be elected by the Class A members.

The Directors need not be members.

Directors shall be elected for two (2) year terms of office and shall serve until their respective successors are elected and qualified.

The Directors, no later than thirty (30) days prior to the annual meeting of the members, shall file with the Declarant and distribute to the members (by whatever means the Directors may deem reasonable and economical) a certification of the Directors to be elected by Class A members who are qualified to vote and the Directors to be elected by the Class B member.

Section 3: Regular Meetings

A regular annual meeting of the Board of Directors shall be held without other notice than this by-law, immediately after, and at the same place as, the annual meeting of members. The Board of Directors may provide by resolution the time and place, either within or without the State of Texas, for the holding of additional regular meetings of the Board without other notice than such resolution.

**BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION**

Section 4: Special Meetings

Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of Texas, as the place for holding any special meeting of the Board called by them.

Section 5: Notice

Notice of any special meeting of the Board of Directors shall be given at least two days previously thereto by written notice delivered personally or sent by mail to each Director at his address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, the postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these bylaws.

Section 6: Quorum

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 7: Manner of Acting

The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these bylaws.

Section 8: Vacancies

Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors may be filled at any meeting of the Directors by the affirmative vote of a majority of the remaining Directors representing the same class of members who elected the Director whose position has become vacant, though less than a quorum of the Board of Directors.

**BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION**

A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 9: Compensation

Directors as such shall not receive any stated salaries for their services but nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity and receiving compensation therefor.

Section 10: Informal Action by Directors

Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of 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.

ARTICLE V

Officers

Section 1: Officers

The officers of the corporation shall be a President, a Secretary, a Treasurer and such other officers, including Vice-Presidents, as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint 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, except the office of President and Secretary.

Section 2: Election and Term of Office

The officers of the corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be done. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

**BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION**

Section 7: Rules

Each committee may adopt rules for its own government not inconsistent with these bylaws or with rules adopted by the Board of Directors.

ARTICLE VII

Contracts, Checks, Deposits, and Funds

Section 1: Contracts

The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2: Checks, Drafts, etc.

All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or Vice President of the corporation.

Section 3: Deposits

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 4: Gifts

The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the corporation.

**BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION**

ARTICLE X

Fiscal Year

The fiscal year of the Corporation shall begin on January 1 and end on December 31 in each year

ARTICLE XI

Waiver of Notice

Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act or under the provisions of the articles of incorporation or the bylaws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

Amendments to Bylaws

These bylaws may be altered, amended or repealed and new bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least two days' written notice is given of intention to alter, amend or repeal or to adopt new bylaws at such meeting.

ARTICLE XIII

Conflict

In the event conflict exists between these bylaws and the Declaration of Covenants, the Declaration of Covenants shall control over and supersede these bylaws.

**BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION**

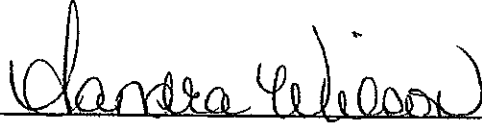
ARTICLE XIV

Adoption of Bylaws

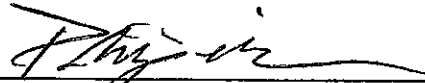
The foregoing Initial Bylaws of this Corporation are hereby adopted by the undersigned, being all the Directors of such Corporation named in the Articles of Incorporation on February 20, 2001.



Rick Wilson



Sandra Wilson



Philip Wilson

BYLAWS
OF
DALVIEW ESTATES HOMEOWNERS ASSOCIATION

**WRITTEN CONSENT OF THE MEMBERS AND
AMENDMENT TO THE COVENANTS, CONDITIONS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS**

ON AND FOR

DALVIEW ESTATES HOMEOWNERS ASSOCIATION

WHEREAS pursuant to the Bylaws and Covenants of the Dalview Estates Homeowners Association (the "Association"), the Class A and Class B members of the Association have deemed it desirable and in the best interests of the Association that the following actions be taken, or have been taken and are hereby ratified, by the members of the Association pursuant to this written consent and amendment.

WHEREAS at the 2004 and 2006 Annual Meeting of the members of the Association, the following actions were taken and resolutions made after motion, duly seconded, and voted upon by the members of the Association, which vote unanimously approved by the members and the voting members constituted more than seventy five percent (75%) of the properties within the Association's jurisdiction.

Amendment of Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens on and for Dalview Estates Kaufman County, Texas

IT IS, THEREFORE, RESOLVED that the Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens on and for Dalview Estates Kaufman County, Texas, are hereby amended by deleting Section 5.3, which is of no further force or effect, and inserting the following:

Section 5.3. Basis and Amount of Annual Assessments.
Until and unless otherwise determined by the Board of Directors of the Association, the maximum regular base assessment (the "Maximum Annual Assessment") shall be Two Hundred Fifty Dollars (\$250.00) per Lot per year.

The Association's Board of Directors may fix the actual regular base assessment at an amount equal to or less than the maximum regular base assessment. The Board may establish a time-price differential schedule for the payment of the regular assessment in which the lowest amount is the actual regular base assessment.

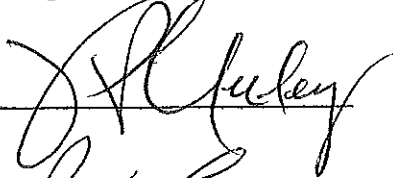
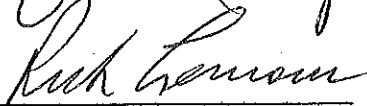
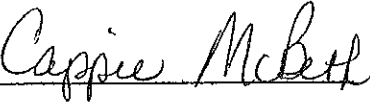
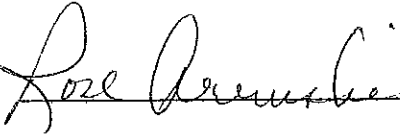
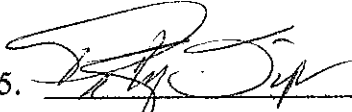
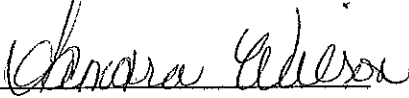
The Board of Directors may increase the Maximum Annual Assessment without a vote of the Members, but such an adjustment should not exceed ten percent (10%) of the previous year's Maximum Annual Assessment, or the change in the Consumer Price Index, whichever is greater. The Maximum Annual Assessment may not be otherwise increased without the assent of at least eighty percent (80%) of the Owners at a meeting called for that purpose. The Board shall not increase the Annual Assessment except pursuant to this Section and shall not increase the Annual Assessment more than once in any Fiscal year.

Nothing herein amends or supercedes prior exceptions to the assessment of fees during the Development Period. Further, the Board may exempt each Homebuilder from the payment of assessments for up to 180 days in accordance with Section 5.5 below after the closing of each lot sold to such Homebuilder.

IT IS FURTHER RESOLVED that the Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens on and for Dalview Estates Kaufman County, Texas, are hereby amended by deleting the paragraph in Section 9.19, which deleted language is of no further force or effect, and the following inserted in its place:

No fence on any Lot shall extend through the front building line, without prior written approval of the ARC. All fences must be either masonry or ornamental iron. All fences shall be maintained in an attractive manner. Wooden fences are prohibited.

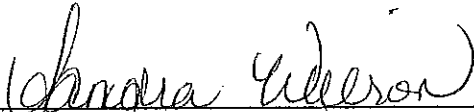
By our signatures below, we, the Members of the Association, do hereby make and ratify the foregoing resolutions and give permission to and instruct the Board to duly record this amendment.

	<i>Signature of Member</i>	<i>Print Name</i>
1.		J. PATRICK NEELEY
2.		RICK LEMONS
3.		Cappie McBeth
4.		ROSE ARUNSKI
5.		PATRICIA SIPES
6.		SANDRA WILSON
7.	_____	_____
8.	_____	_____
9.	_____	_____
10.	_____	_____

35. _____

I, Sandra Wilson, hereby certify as the duly elected Secretary of the Dalview Estates Homeowners Association that the above is a true and correct recital and copy of the resolutions made on said dates at a meeting of the members of the Association that was held in accordance to the Bylaws, Declaration and laws of the State of Texas. I further certify that the resolutions made herein are in full force and effect.

Date: 9/20/2008


Sandra Wilson, Secretary