

subdivisions being or to be developed by Declarant or affiliated or subsidiary entities) brought within the scheme of this Declaration.

(c) "The Properties" shall mean and refer to the properties described in Article III hereof which are subject to this Declaration.

(d) "Subdivision Plat" shall mean and refer to the map or plat of PARK HILLS UNIT ONE recorded in the Plat Records of El Paso County, Texas.

(e) "Lot" and/or "Lots" shall mean and refer to each of the lots shown upon the Subdivision Plat. Reference herein to "the Lots (each Lot) in The Subdivision" shall mean and refer to Lots as defined respectively in this Declaration and all Supplemental Declarations.

(f) "Common Facilities" shall consist of improvements for the use and benefit of all or some Owners constructed on portions of one or more Lots or on the medians in public streets. By way of illustration, it is intended as of the date of this Declaration that the Common Facilities may include, but not necessarily be limited to, landscaping on medians and certain parkways, subdivision signs, light poles (to the extent covered by a contract with the City of El Paso), irrigation systems and other similar and appurtenant improvements. References herein to "the Common Facilities (any Common Facility) in The Subdivision" shall mean and refer to Common Facilities as defined respectively in this Declaration and all Supplemental Declarations.

(g) "Park" shall mean Lot 41, Block 2, PARK HILLS UNIT ONE, El Paso County, Texas, to be used for park purposes. Notwithstanding any other provision of this Declaration, the Park shall not be governed by this Declaration and shall not be considered part of the Subdivision for any purpose.

(h) "Supplemental Declaration" shall mean and refer to any Supplemental Declaration of Covenants, Conditions and Restrictions bringing additional property within the scheme of this Declaration under the authority provided in Article III hereof. References herein (whether specific or general) to provisions set forth in "all (any) Supplemental Declarations" shall be deemed to relate to the respective properties covered by such Supplemental Declaration.

(i) "Owner" shall mean and refer to the record owner, or if such Lot is subject to a term purchase contract with Declarant, to the contract purchaser, whether one or more persons or entities, of the fee simple title to any Lot (other than the Park) situated upon the Properties, but shall not mean or refer to any mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. References herein to "the Owners in The Subdivision" shall mean and refer to Owners as defined in this Declaration and all Supplemental Declarations.

(j) "Member" and/or "Members" shall mean and refer to all those Owners who are members of the Association as provided in Article IV, Section 4.04 hereof, together with all the Owners in The Subdivision who are members of an association as provided in all Supplemental Declarations.

ARTICLE II. EASEMENTS

Section 2.01. Existing Easements. The Subdivision Plat dedicates for use as such, subject to the limitations set forth therein, certain streets and easements shown thereon, and such Subdivision Plat further establishes limitations, reservations and restrictions applicable to the Properties. Further, Declarant and Declarant's predecessors in title may have heretofore granted, created and dedicated by recorded instruments certain other easement and related rights affecting the Properties. All dedications, limitations, restrictions and reservations shown on the Subdivision Plat and all grants and dedications of easements and related rights heretofore made by Declarant and Declarant's predecessors in title affecting the Properties are incorporated herein by reference and made a part of this Declaration for all purposes, as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant conveying any part of the Properties.

Section 2.02. Changes and Additions. Declarant reserves the right to make changes in and additions to the above easements for the purpose of most efficiently and economically installing the improvements. Further, Declarant reserves the right, without the necessity of the joinder of any Owner or other person or entity, to grant, dedicate, reserve or otherwise create, at any time or from time to time, easements for public utility purposes, (including, without limitation, gas, water, sanitary sewer, electricity, telephone and drainage) in favor of any person or entity furnishing or to furnish utility services to the Properties, along and on either or both sides of any side Lot line, which such easements shall have a maximum width of five (5) feet on each side of such side Lot line.

Section 2.03. Installation and Maintenance. There is hereby created an easement upon, across, over and under all of the Properties for ingress and egress in connection with installing, replacing, repairing, and maintaining all utilities, including, but not limited to, water, sewer, telephones, electricity, gas and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying service to install and maintain pipes, wires, conduits, service lines, or other utility facilities or appurtenances thereto, on, across and under the Properties within the public utility easements from time to time existing and from service lines situated within such easements to the point of service on or in any structure. Notwithstanding anything contained in this paragraph, no sewer, electrical lines, water lines, or other utilities or appurtenances thereto may be installed or relocated on the Properties until approved by Declarant or the Association's Board of Trustees. The utility companies furnishing service shall have the right to remove all trees situated within the utility easements shown on the Subdivision Plat, and to trim the overhanging trees and shrubs located on portions of the Properties abutting such easements. The plat will reserve a 10-foot utility easement along the front lot lines, and sidewalks will be placed immediately next to the curb.

Section 2.04. Underground Electric Service. An underground electric distribution system will be installed within the Properties, which will be designated an underground residential subdivision, and which underground service area shall embrace all Lots in The Properties. The Owner of each Lot in the underground residential subdivision shall, at his own cost, furnish, install, own and maintain (all in accordance with the requirements of local government authorities and the National Electrical Code) the underground service cable and appurtenances from the point of the electric company's metering on the customer's structure to the point of attachment at such company's installed transformers or energized secondary junction boxes, such point of attachment to be made available by the electric company at a point designated by such company, at the property line of each Lot. The electrical company furnishing service shall make the necessary connections at said point of attachment and at the meter. In addition, the Owner of each Lot shall, at his own cost, furnish, install, own and maintain a meter loop (in accordance with the then current standards and specifications of the electric company furnishing service) for the location and installation of the meter of such electric company for the residence constructed on such Owner's Lot. For as long as underground service is maintained in the underground residential subdivision the electric service to each Lot therein shall be underground, uniform in character and exclusively of the type known as single phase 120/240 volt, three (3) wire, sixty (60) cycle alternating current.

Section 2.05. Surface Areas. The surface of easement areas for underground utility services may be used for planting of shrubbery, trees, lawns, or flowers. However, neither the Declarant nor any supplier of any utility or service using any easement area shall be liable to any Owner or to the Association for any damage done by them or either of them, or their respective agents, employees, servants or assigns, to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance, operation or repair of any facility in any such easement area. In the event of an inconsistency between this provision and the terms of the easement agreement with the utility company, the easement agreement shall control.

ARTICLE III. PROPERTY SUBJECT TO THIS DECLARATION

Section 3.01. Description. The real property which is, and shall be, held, transferred, sold, conveyed, and occupied subject to this Declaration consists of the following:

All of PARK HILLS UNIT ONE, being a portion of H.G. Foster Survey No. 262, and a portion of Tract 8, H.G. Foster Survey No. 257, and all of Tract 1C and a portion of Tract 1C1, S.J. Larkin Survey No.265, City of El Paso, El Paso County, Texas, according to the plat thereof recorded in the Plat Records of El Paso County, Texas, containing 78.931 acres of land, more or less; provided, however, the Park shall not be governed by this Declaration;

all of which real property is sometimes hereinafter referred to as the "Existing Property." The Existing Property will be developed in phases, the first of which shall contain 48 Lots.

Section 3.02. Additions to Existing Property. Additional lands may become subject to the scheme of this Declaration in the following manner:

(a) Additions by Declarant. The Declarant, its successors and assigns shall have the right to bring within the scheme of this Declaration additional properties in future stages of the development (including, without limitation, subsequent sections of ~~PARK HILLS~~ Subdivision and all or portions of other subdivisions being or to be developed by Declarant or affiliated or Subsidiary entities), upon the approval of the Board of Trustees of the Association in its sole discretion. Any additions authorized under this and the succeeding subsection shall be made by filing of record a Supplemental Declaration of Covenants, Conditions and Restrictions with respect to the additional property which shall extend the scheme of the covenants and restrictions of this Declaration to such property and the execution thereof by members of the Board of Trustees of the Association shall constitute all requisite evidence of the required approval thereof by such Board of Trustees. Such Supplemental Declaration must impose at least an annual maintenance charge assessment on the property covered thereby, on a uniform, per lot basis, substantially equivalent to the maintenance charge and assessment imposed by this Declaration, and may contain such complimentary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be applicable to the additional lands.

(b) Other Additions. Upon the approval of the Board of Trustees of the Association, in its sole discretion, the owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association may file of record a Supplemental Declaration of Covenants and Restrictions upon the satisfaction of the conditions specified in subsection (a) above.

(c) Mergers. Upon a merger or consolidation of the Association with another association, the Association's properties, rights, and obligations or, alternatively, the properties, rights, and obligations of another association may be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association shall administer the covenants and restrictions applicable to the properties of the other association as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the covenants and restrictions established by this Declaration or any Supplemental Declaration.

Section 3.03. Density Restriction. The proposed use of the Existing Property is limited to a maximum of one hundred seventy-six (176) residential units on 78.931 acres of land, or a density of 0.45 residential units per gross acre, or to such other density as may be approved by the City of El Paso.

ARTICLE IV. THE ASSOCIATION

Section 4.01. **Organization.** The Declarant shall cause the Association to be organized and formed as a non-profit corporation under the laws of the State of Texas.

Section 4.02. **Purpose.** The purpose of the Association in general shall be to provide for and promote the health, safety, and welfare of the Members, to collect the regular and special assessments, and to administer the funds so collected, to provide for the maintenance, repair, preservation, upkeep, and protection of the Common Facilities in The Subdivision and such other purposes as are stated in the Articles of Incorporation consistent with the provisions of this Declaration and all Supplemental Declarations.

Section 4.03. **Trustees.** The Association shall initially act through a three-member Board of Trustees, which shall manage the affairs of the Association. The initial Trustees of the Association shall be selected by Declarant. Each initial Trustee shall serve for an initial term as provided in the Bylaws of the Association and, thereafter, until his successor is duly elected and qualified. After the expiration of the term of the initial Trustees, the Members shall elect a Board of Trustees as provided for in the Bylaws. Any vacancy, from whatever cause other than removal, occurring in the Board of Trustees shall be filled by appointment made by the remaining Trustee or Trustees. The person appointed by the remaining Trustee or Trustees to fill such vacancy shall serve for the remainder of the initial term and until his successor is duly elected and qualified.

Section 4.04. **Members.** Each Owner, whether one or more persons or entities, of a Lot shall, upon and by virtue of becoming such Owner, automatically become a Member of the Association and shall remain a Member thereof until his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership in the Association shall be appurtenant to and shall automatically follow the legal ownership of each Lot and may not be separated from such ownership. Whenever the legal ownership of any Lot passes from one person to another, by whatever means, it shall not be necessary that any instrument provide for transfer of membership in the Association, and no certificate of membership will be issued.

Section 4.05. **Voting Rights.** The Association shall have two classes of voting membership:

(a) **CLASS A.** The Class A Members shall be all Owners with exception of the Declarant. After the Conversion Date, Declarant shall also become a Class A Member to the extent Declarant is the Owner of a Lot or Lots.

(b) **CLASS B.** The Class B Member shall be the Declarant. The Class B membership of Declarant shall cease and become converted to Class A membership upon occurrence of the earlier of the following (the "Conversion Date"):

(i) When Declarant has sold or leased for a term in excess of forty (40) years its interest in 100% of the Lots to unrelated third parties. A sale or a lease for such term to an unrelated third party shall include a sale or lease to joint ventures or partnerships that include Declarant as a co-venturer or partner; or

(ii) Such earlier date as may be established by Declarant in a Supplemental Declaration to be recorded by Declarant.

Until the Conversion Date, the Class A Members shall not be entitled to vote (except as provided for the levying of Special Group Assessments under Article VI, Section 6.03 of this Declaration). The Class B Member shall be entitled to one (1) vote for each Lot in which it holds the interest required for membership.

From and after the Conversion Date (and at any time with respect to votes pertaining to Special Group Assessments), each Class A Member shall be entitled to one (1) vote for each Lot in which it holds the interest required for Association membership. Where more than one person or entity holds such interest in any Lot or subdivided portion thereof, all such persons collectively shall be a single Member, and the vote for such Member shall be exercised as the several parties shall determine among themselves, provided, however, that in aggregate no more than one (1) vote shall be cast with respect to each Lot.

The Association shall not be a voting member of the Association by virtue of its ownership of any Lot, or subdivided portion thereof.

Section 4.06. Title to Common Facilities. To the extent permitted by law, the Declarant may have and retain the legal title to the Common Facilities in The Subdivision until such time as it has completed the improvements and may thereafter convey such title as Declarant may have to the City of El Paso (pursuant to a separate contract or contracts between the Declarant and the City of El Paso) or to the Association. The Declarant may at any time transfer to the Association the obligations of the Declarant under any contract with the City of El Paso to maintain the landscaping, irrigation and lights on the medians and rights-of-way within the Subdivision. With respect to any Common Facilities installed on a Lot by Declarant or the Association pursuant to a private easement, the Association shall have the obligation to maintain such Common Facilities. Until the interest of the Declarant in the Common Facilities has been conveyed to the City of El Paso or the Association by Declarant, Declarant shall be entitled to exercise all rights and privileges it may have relating to such Common Facilities to the extent granted to the Association in this Declaration and all Supplemental Declarations. During such time, the Declarant (or the Board, at Declarant's request) may levy assessments for the purposes provided in Section 6 below (except Special Member Assessments) and otherwise exercise all rights of the Association in connection therewith so long as such assessments are levied against Lots owned by Declarant (subject to the provisions of Section 6 below) and any such assessments levied and collected and not used shall be turned over to the Association when Declarant transfers its interest in the Common Facilities to the Association.

Section 4.07. Contracts with the City of El Paso. Declarant shall have the right on behalf of the Association, and without the joinder of any other party, to enter into contracts with the City of El Paso in connection with the Subdivision and the Common Facilities, including without limitation, contracts covering any city right of way, public streets, medians, light poles and lights, landscaping, drainage works and other similar and appurtenant improvements, and liability insurance. Declarant shall have the further right at any time after the creation of the Association, to assign any such contracts and all duties and obligations thereunder to the Association, which shall thereafter be fully responsible for compliance with all such duties and obligations. Upon assignment of the contract or contracts to the Association, Declarant shall automatically be released from all duties and obligations under and pursuant to the assigned contract or contracts.

Section 4.08. Sign and Landscape Easements. It is understood that Declarant may convey to the Association an easement or easements along (i) a portion of Lots 1, 2 and 3, Block 5, Park Hills Unit One, and (ii) a portion of Lots 22, 23 and 34, Block 2, Park Hills Unit One, for the purposes of installing and maintaining a sign or signs identifying the Subdivision, landscaping, irrigation, and related appurtenances. If an easement is granted, the Owner of any affected Lot shall obtain the prior written consent of the Association before installing any improvements on the easement property. If the Declarant or the Association installs a sign or signs, landscaping, irrigation and other related appurtenances, then the Association shall be responsible for their maintenance.

ARTICLE V. PROPERTY RIGHTS IN THE COMMON FACILITIES

Section 5.01. Member's Easements of Enjoyment. Subject to the provisions of Section 5.02 of this Article V, and the interests of the City of El Paso, every Member shall have a common right and easement of enjoyment in and to the Common Facilities in The Subdivision, and such right and easement shall be appurtenant to and shall pass with the title to each Lot in The Subdivision.

Section 5.02. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in its discretion, to make, publish, and enforce reasonable rules and regulations governing the use and enjoyment of the Common Facilities or any part thereof, all of which reasonable rules and regulations shall be binding upon, complied with, and observed by each Member; and

(b) The right of the Association to enter into contracts or agreements relative to the maintenance of such Common Facilities in such instances and on such terms as its Board of Trustees may deem appropriate; and

(c) The right of the Association to suspend the voting rights of a Member during the period he is in default in excess of thirty (30) days in the payment of any

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maintenance charge assessment against his Lot; and to suspend such rights for a period not to exceed sixty (60) days for any infractions of its published rules and regulations; and the aforesaid rights of the Association shall not be exclusive, but shall be cumulative of and in addition to all other rights and remedies which the Association may have in this Declaration and Supplemental Declarations or in its Bylaws or at law or in equity on account of any such default or infraction; and

(d) The rights and easements existing, herein created or hereafter created in favor of others, as provided for in Article II of this Declaration and the Supplemental Declarations; and

(e) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of constructing and maintaining the Common Facilities. Notwithstanding any other provision in this Declaration to the contrary, no action under this subsection may be had without the consent of at least two-thirds (2/3) of the Members.

Section 5.03. Delegation of Use. Any Member may delegate his right of use and enjoyment of the Common Facilities in The Subdivision, together with all easement rights granted to Members in this Declaration and all Supplemental Declarations, to the members of his family, his tenants, or contract purchasers who reside on his Lot. The term "Member" is further defined to include and refer to the executors, personal representatives and administrators of any Member, and all other persons, firms, or corporations acquiring or succeeding to the title of the Member by sale, grant, will, foreclosure, execution, or by any legal process, or by operation of law, or in any legal manner.

ARTICLE VI. ASSESSMENTS AND LIENS

Section 6.01. Purpose of Assessments. The assessments levied hereunder by the Association shall be used exclusively for the purpose of maintaining the Common Facilities and promoting the comfort, collective mutual enjoyment, health, safety and welfare of the Owners of the Property, including, but not limited to, the following:

(a) The maintenance, repair or replacement of any and all Common Facilities, along with the cost of any associated management or supervisory services, fees, labor, equipment, and materials;

(b) The design, purchase and installation of any Common Facilities;

(c) The purchase of insurance coverage relating to Common Facilities, and other property of the Association, including any insurance required by any contract with the City of El Paso;

(d) The carrying out of the duties of the Board of Trustees as provided in the Bylaws and Articles of Incorporation of the Association and in this Declaration;

(e) The carrying out of purposes of the Association as stated herein and in its Declaration and Articles of Incorporation; and

(f) The carrying out of all other matters set forth or contemplated in the Declaration (including compliance with the terms of any contract with the City of El Paso), or allowed by law for a Texas non-profit corporation.

Section 6.02. Annual Budget and Regular Assessments. Each fiscal year while this Declaration is in force, the Board shall adopt an annual budget and set the amount of the Regular Annual Assessment to be levied for the next year, taking into consideration Association operating costs for the then current year, expected normal increases in such costs over the next year, and additional future needs of the Association, including the establishment and maintenance of an Association reserve fund as provided for herein. The annual budget shall be adopted by the Board not later than fifteen (15) days prior to the commencement of each fiscal year. Notwithstanding the above, in the event the Board fails for any reason to adopt an annual budget covering the succeeding fiscal year, then and until such time as an annual budget shall have been adopted for such succeeding fiscal year, the annual budget currently in effect shall continue and the Regular Annual Assessment shall be deemed the same as for the current year.

The Regular Annual Assessment for each fiscal year shall be determined by the Board upon its adoption of the annual budget for such fiscal year in the following manner:

(a) The Regular Annual Assessment with respect to any fiscal year shall equal the total amount of the annual budget approved by the Board with respect to such fiscal year; and

(b) Each Lot's pro rata share of the Regular Annual Assessment shall be determined by multiplying the Regular Annual Assessment by a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots subject to assessments. The Board in its discretion may adjust the annual budget and pro rata shares to provide for lesser assessments for unimproved lots. An improved Lot is one with a residence available for occupancy, whether occupied or not.

Should any surplus exist at the end of any year, the Board may, at its own discretion, reduce the amount required for the next Regular Annual Assessment by an amount not more than said surplus, provided, however, that reserve fund requirements are first met.

Section 6.03. Special Group Assessments. In addition to the Regular Annual Assessments provided for herein, the Association by vote of its Members as provided for in the Bylaws may levy in and for any year, applicable to that year only, a Special Group Assessment for the purpose of:

(a) Defraying the cost of any new construction or reconstruction, unexpected repair or replacement of capital improvements for Common Facilities, including the necessary fixtures and personal property related thereto;

(b) Defraying the cost of repairs or replacements resulting from an uninsured loss or damage or insured loss or damage where there are insufficient insurance proceeds as provided for in the Declaration; and

(c) Responding to unusual or emergency needs of the Association as may be expected to occur from time to time.

Special Group Assessments shall be allocated and prorated among the Owners at the date each such Special Group Assessment is levied in the same manner as Regular Annual Assessments are allocated and prorated among the Lots under Sections 6.01 and 6.02 above.

Section 6.04. Special Member Assessments. In addition to the Regular Annual Assessments and any Special Group Assessments, the Association, by vote of its Board, may levy a special assessment ("Special Member Assessment") on any Member for the purpose of:

(a) Defraying the cost of any unexpected damage or loss requiring maintenance, repairs, or replacement of improvements associated with a Common Facility or with a Lot not owned by the Member causing such damage or loss which damage or loss has been determined by the Board to have been caused, either directly or indirectly, by the willful or negligent acts of such Member or its agent, occupant or visitor. In reaching a decision to levy such Special Assessment upon any Member, the Board shall first determine, in its sole discretion, that reasonable evidence exists to support a determination that said damage or loss was caused, directly or indirectly by a particular Member, or its agent, occupant or visitor. Prior to making such determination, the Board shall inform such Member of its findings and afford the Member the reasonable opportunity (not less than seven (7) days) to (i) introduce evidence regarding such damage or loss and the cause thereof, or (ii) remedy such loss or damage.

(b) Reimbursing the Association for any and all direct or indirect costs incurred by the Association with regard to the maintenance, repair or replacement of any improvements on any particular Lot owned by such Member (including the parkway of any Lot that is not maintained by the Association) when:

(i) It has been determined by the Board that the maintenance, repair or replacement of improvements associated with such Member's Lot has been neglected to the point where conditions existing on such Lot are not in conformance with the maintenance obligations set forth in this Declaration;

(ii) The Member owning such Lot shall have been informed in writing of deficiencies found to exist and shall have been afforded a specific and reasonable

period of time (not less than seven (7) days) to respond to said notice and/or remedy such deficiencies, the determination of what constitutes a reasonable period of time for remedial action to be made by the Board in its sole discretion;

(iii) Those deficiencies determined by the Board and reported in writing to the Member owning such Lot are not fully corrected within the time period established by the Board for such corrective action to be completed; and

(iv) Due to the failure of the Member owning such Lot to take corrective action within the period of time established by the Board, it has been necessary or appropriate for the Association to contract for, initiate or complete such corrective action to meet the maintenance requirements of the Declaration. In the event such member shall start corrective action on a Lot after the Association has either contracted for such work to be done or actually accomplished such work in whole or in part, such Member shall be obligated to the Association for the reimbursement of any costs actually incurred by the Association, including: release from contract settlements; design, legal or other professional fees; labor, equipment, materials or guarantees required to accomplish corrective work; management or supervisory services; and any other costs directly or indirectly attributable to the work.

Section 6.05. Payment of Regular Assessments. The Regular Annual Assessments provided for herein shall commence on a date fixed by the Board and thereafter shall be due and payable in quarterly installments, in advance, on the first day of the first month in each quarter of the fiscal year; provided, however, that if the commencement date of the initial Regular Annual Assessment for the Association shall not be the same as the first day of the first month of a quarter in the fiscal year, then the initial quarterly assessment installment shall be from the date of commencement to the first day of the next quarter, and payment shall be prorated for the number of days remaining in the quarter; and provided further that the Owner of a Lot acquiring title to the Lot from the Declarant shall have no obligation to pay the quarterly installment due immediately following the acquisition, but shall commence payment with the second quarterly installment date.

Section 6.06. Payment of Special Assessments. Special Group Assessments or Special Member Assessments shall be due and payable in full thirty (30) days following the date at which any such assessment is set by the Board in the resolution adopting such assessment, except that, if it is specifically determined by the Board that any such assessment is to be paid instead in deferred installments, then the payment dates and amounts of such installments shall be fixed in the resolution authorizing such assessment.

Section 6.07. Enforcement and Personal Obligation of Owners For Payment of Assessments. The Regular Annual Assessments, Special Group Assessments, and Special Member Assessments provided for herein shall be the personal and individual debt of the Owner of a Lot, or subdivided portion thereof, covered by such assessments. No Owner may, for any

reason, exempt itself from liability for such assessments levied in accordance with the provisions of this Declaration or the Bylaws. In the event that any assessment or installment thereof is not paid when due, and remains unpaid for a period of thirty (30) days thereafter, then the unpaid amount of any such assessment or installment thereof shall become delinquent and shall, together with interest thereon as herein provided and costs of collection thereof, become a continuing personal obligation and debt of the non-paying Owner secured by a self-executing lien (and may include a vendor's lien retained by Declarant) on the Lot or subdivided portion thereof, including all improvements thereon, to which such assessment or installment pertains. The Association shall have the right to reject any partial payment of any assessment or installment thereof and demand full payment, or the Association may, in its sole discretion, elect to accept any such partial payment on account only, without waiving any rights established hereunder with respect to any remaining balance due.

The obligation of any Owner to pay any assessment imposed on a Lot during such Owner's period of ownership shall remain its personal obligation, and a sale or other transfer of title to such Lot shall not release such former owner from said liability notwithstanding an assumption of liability by the purchaser or transferee. The lien for any unpaid assessments shall be unaffected by any sale or transfer of full or partial ownership interest in a Lot, or subdivided portion thereof, and shall continue in full force and effect. In the event of full or partial sale or transfer of an ownership interest in a Lot, it shall be the sole obligation of the Owner selling or transferring such interest (and not the Association) to disclose to any buyer or transferee that an unpaid assessment and associated lien against the ownership interest exist prior to the date at which such sale or transfer is to be consummated. A copy of such notice shall be sent to the Association at the same time. Upon written request, the Association shall provide an Owner with a statement reflecting the amount of any unpaid or delinquent assessments with respect to a Lot owned by said Owner.

The unpaid amount of any assessment shall bear interest from its due date at eighteen percent (18%) per annum or the maximum legal rate of interest then prevailing, whichever is lesser. In addition, the Board may elect to retain the services of an attorney of its choice for the purposes of collecting any unpaid assessment and interest charges thereon, and/or to foreclose the lien against the property subject thereto and/or to pursue any other legal or equitable remedy which the Association may have and there shall be added to the amount of unpaid assessment and interest charges thereon, any and all collection costs incurred by the Association, whether judicial or non-judicial, and including, but not limited to, reasonable attorney's fees and court costs.

Section 6.08. Lien and Foreclosure. Upon delinquency, all sums assessed in the manner provided in this Declaration or in the Bylaws, together with all interest costs as herein provided shall be secured by the lien provided for under Section 6.07 above. As further evidence and notice of such assessment lien, the Association may prepare a written notice of such lien setting forth the amount of delinquent indebtedness, the name of the Owner of the property covered by such lien, and a description of the property. Such notice shall be signed by a duly authorized Officer of the Association and shall be recorded in the office of the County

Clerk of El Paso County, Texas, or such other place as may be required by law for the recording of liens affecting real property at such time as such notice is recorded. Such lien for payment of assessments shall attach from the date such payment becomes delinquent and may be enforced after recording said notice through (i) nonjudicial foreclosure of such lien on the Lot, or subdivided portion thereof and any improvements thereon in like manner as a mortgage on real property, and in accordance with the Texas Property Code, it being understood that each Owner of a Lot expressly grants to the Board a power of sale, through a trustee designated in writing by the Board, (ii) suit against the Owner personally obligated to pay the assessment, and/or (iii) foreclosure of the aforesaid lien judicially. In any foreclosure proceeding whether judicial or nonjudicial, the Owner shall be required to pay the costs, expenses and reasonable attorneys' fees incurred by the Association. The Association shall have the power to bid on the property being foreclosed.

Section 6.09. **Lien Subordination.** Any lien established as provided for in this Declaration or the Bylaws, shall be subordinate and inferior to any mortgage or deed of trust in favor of any bank, savings and loan association, insurance company, pension fund, or other similar financial institution or other lender approved by the Board; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a foreclosure sale (whether public or private) of any such Lot pursuant to the terms and conditions of any such mortgage or deed of trust. Such foreclosure sale shall not relieve any new Owner taking title at such sale from liability for the amount of any assessments thereafter becoming due or from a lien arising from any such subsequent assessment. Notwithstanding anything herein to the contrary, a lien for assessments shall be unaffected by a foreclosure of other than a first lien created by a deed of trust or mortgage.

Upon the written request of any such lender holding a superior lien on any Lot as provided herein, the Association shall report to such lender any unpaid assessments which are delinquent as herein defined. The Association may from time to time, at its own initiative, elect to report delinquent assessments to such mortgage lenders.

Section 6.10. **Notice of Lien or Suit.** Any Owner shall at the request of the Association give notice to the Association of every lien or encumbrance upon his Lot or subdivided portion thereof, other than for taxes and Assessments, and notice of every suit or other proceeding which may affect the title to his Lot or subdivided portion thereof, and such notice shall be given within five (5) days after the Owner has knowledge thereof.

Section 6.11. **Mechanic's Lien.** Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of mechanic's liens filed against the other Owner's property for labor, materials, services or other products incorporated in the Owner's improvements on his Lot.

Section 6.12 **Area Assessments.** The parties entitled to file this Declaration and Supplemental Declarations may in such documents designate a portion of the Properties as a separate area for assessment purposes and with the assessments being for the benefit of such

area. Such areas when designated may be the subject of Regular and/or Group Assessments limited to and allocated among the Owners of Lots in such areas and with the assessments being levied by the Association or a separate area association as specified in the Declaration or Supplemental Declarations.

Section 6.13. Collection and Enforcement. Each Member, by his assertion of title or claim of ownership or by his acceptance of a deed to a Lot, whether or not it shall be so recited in such deed, shall be conclusively deemed to have expressly vested in the Association, and in its officers and agents, the right, power and authority to take all action which the Association shall deem proper for the collection of assessments and/or for the enforcement and foreclosure of the liens securing the same, including the right to delegate collection and enforcement responsibilities to the City of El Paso subject to the approval and consent of the City. The City has rights to enforce collection of assessments and enforcement of liens independent of such delegation pursuant to the provisions of Article IX, Section 9.02 hereof.

ARTICLE VII. ARCHITECTURAL CONTROL COMMITTEE

Section 7.01. Approval of Plans and Contractors. No building, structure, fence, wall, or other improvements shall be commenced, erected, constructed, placed or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the detailed plans and specifications therefor shall have been submitted to and approved in writing as to compliance with minimum structural and mechanical standards, location and situation on the Lot, and as to harmony of external design or location in relation to property lines, building lines, easements, grades, surrounding structures, walks, and topography (including the orientation of the front and rear of any such building with respect to the Lot lines) by the Architectural Control Committee constituted as provided herein. The submitted plans and specifications shall specify, in such form as the Architectural Control Committee may reasonably require, structural, mechanical, electrical, and plumbing detail and the nature, kind, shape, height, exterior color scheme, materials to be incorporated into, and location of the proposed improvements or alterations thereto. In the event said Architectural Control Committee fails to approve or disapprove such plans and specifications within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and the provisions of this Section will be deemed to have been fully complied with; provided, however, that the failure of the Architectural Control Committee to approve or disapprove such plans and specifications within such thirty (30) day period shall not operate to permit any structure to be commenced, erected, placed, constructed or maintained on any Lot in the Properties in a manner inconsistent with any provision of this Declaration. Without limitation of the powers herein granted, the Architectural Control Committee shall have the right to specify requirements for each Lot as follows: the location, height, and extent of fences, walls, or other screening devices; the orientation of structures with respect to major entry and frontage, exterior design, exterior materials and colors, minimum roof exposures, common wall construction, landscaping, driveways and mailboxes. The Architectural Control Committee also shall have full power and authority to reject any plans and specifications that do not comply with the restrictions herein imposed or meet its minimum construction requirements or architectural design requirements or

that might not be compatible, in the sole discretion of the Architectural Control Committee, with the design or overall character and aesthetics of the Properties. The Architectural Control Committee shall be entitled to charge any Owner a reasonable fee for review of plans. The Architectural Control Committee shall also in its discretion, have the right to grant variances to any minimum residence square footage or height requirements referred to in this Declaration.

The Architectural Control Committee shall not be responsible for determining compliance with drainage requirements. Drainage on each Lot shall not be changed without the approval of the proper engineering office of the City of El Paso. Failure by the Contractor or Owner to maintain proper drainage may result in damage to the improvements from settling and/or erosion on the subject Lot as well as surrounding Lots. Some Lots may have sloped areas within the properties lines of said Lot and pertinent governmental authorities may dictate that said sloped areas be secured by slope stabilization treatment and/or retaining walls. Each owner of a Lot containing sloped area must maintain and/or stabilize the sloped area.

Section 7.02. Committee Membership. The Architectural Control Committee shall be initially composed of and Russell Hanson and Gary Sanchez. Until the Conversion Date, Russell Hanson shall have the power to remove or replace any member of the Architectural Control Committee, and may designate a representative or representatives to act for the Committee [the term "Architectural Control Committee" as used herein shall refer to the individuals named above, their assignee as permitted herein, or the Committee's designated representative(s)]. In the event of the death or resignation of any member or members of the Architectural Control Committee, the remaining member or members shall appoint a successor member or members, and until such successor member or members shall have been so appointed, the remaining member or members shall have full right, authority and power to carry out the functions of the Architectural Control Committee as provided herein, or to designate a representative with like right, authority and power.

Section 7.03. Transfer of Authority to the Association. The duties, rights, power and authority of the Architectural Control Committee constituted hereby may be assigned at any time, at the sole election of a majority of the members of the committee, to the Board of Trustees of the Association, and from and after the date of such assignment, the Board of Trustees and the Association shall have full right, authority and power, and shall be obligated to perform the functions of the Architectural Control Committee as provided herein, including the right to designate a representative or representatives to act for it.

Section 7.04. Minimum Construction Standards. The Architectural Control Committee may from time to time promulgate an outline of minimum acceptable construction standards and specifications (including without limitation a limited number of acceptable exterior materials and/or finishes and also landscaping requirements), which shall constitute guidelines only and shall not be binding upon the Architectural Control Committee or in any manner determinative of the approval or disapproval by such Committee of submitted plans and specifications.

Section 7.05. Construction Requirements.

(a) All exterior construction of the primary residential structure, garage, porches, and any other appurtenances or appendages of every kind and character on any Lot and all landscaping in front yards and side yards abutting streets shall be completed not later than one hundred eighty (180) days following commencement of construction, and all interior construction (including, but not limited to, all electrical outlets in place and functional, all plumbing fixtures installed and operational, all cabinet work completed, all interior walls, ceilings, and doors completed and covered by paint, wallpaper, paneling, or the like, and all floors covered by wood, carpet, tile or other similar floor covering) shall be completed not later than one (1) year following the commencement of construction. For the purposes hereof, the term "commencement of construction" shall be deemed to mean the date on which the foundation forms are set.

(b) No window or wall-type air conditioners shall be permitted to be used, placed or maintained on or in any building in any part of the Properties.

(c) Before any landscaping shall be done in the front of any newly constructed residential structure, the landscape layout and plans must be first approved by the Architectural Control Committee. Such landscaping is to be done in the parkway area and on the front of the Lot at the time the residential structure is being completed and before occupancy.

(d) Sidewalks will be constructed immediately next to the curb on some Lots. Each Owner should check the Plat, the Subdivision improvement plans and applicable special contracts with the City of El Paso to determine the proper location of sidewalks.

(e) No fence or wall (other than garden walls, fences and hedges between the front building setback line and the street, which are no more than two feet in height measured from the finished grade of the highest of the adjoining Lots) shall be erected, placed or altered on any Lot nearer to the street than the minimum building setback lines as shown on the Subdivision Plat.

(f) No external television antennae will be placed or permitted to be maintained on any structure on any Lot. The Architectural Control Committee in its discretion may allow appropriate television reception facilities on any Lot, such as satellite dishes, provided such facilities are adequately screened as determined by the Architectural Control Committee.

(g) The restrictions imposed by the El Paso Water Utilities (Public Service Board) set forth in Section 8.15 shall apply to each Lot.

Section 7.06. Size of Residences. Except as herein provided, no residential structure erected on any Lot shall have more than two (2) stories, nor exceed twenty-five (25) feet in

height (measured from the highest finish grade elevation of the Lot to the top of the gable). No residential structure with an exterior area of less than Eighteen Hundred (1800) square feet, exclusive of the area of attached garages, porches, servants quarters, or other appurtenances or appendages shall be erected on any Lot.

Section 7.07. Building Location. No structure shall be located on any Lot that violates the setback requirements of the ordinances of the City of El Paso. Unless otherwise approved in writing by the Architectural Control Committee, each main residence building will face the front of the Lot.

Section 7.08. Walls, Fences and Hedges. No walls or fences shall be erected or maintained nearer to the front Lot line than the walls of the dwelling situated on such Lot, which are nearest to such front Lot line. All side or rear fences and walls must be at least four (4) feet in height (except for the garden walls permitted in Section 7.05(d)), unless otherwise approved in writing by the Architectural Control Committee;

Fences must be of ornamental iron or masonry construction. No chain link fences shall be permitted, except to enclose swimming pools and only if they are not visible from the street.

Ownership of any wall, fence or hedge erected as a protective screening on a Lot by Declarant shall pass with title to such Lot and it shall be the Owner's responsibility to maintain said protective screening thereafter. In the event of default on the part of the Owner or occupant of any Lot in maintaining said protective screening and such failure continuing after ten (10) days' written notice thereof, Declarant or its successors or assigns may, at its option, without liability to the Owner or occupant in trespass or otherwise, enter upon said Lot and cause said protective screening to be repaired or maintained or to do any other thing necessary to secure compliance with this Declaration or any Supplemental Declaration, so as to place said protective screening in a satisfactory condition, and may charge the Owner or occupant of such Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of such Lot to pay such statement immediately upon receipt thereof.

Side walls must be within the property line or may be centered on the property line of the adjoining Lots.

ARTICLE VIII. BUILDING AND USE RESTRICTIONS

Section 8.01. Residence Buildings and Garages. No building or other structure shall be built, placed, constructed, reconstructed, or altered on any Lot other than a single family residence, with appurtenances, and no structure shall be occupied or used until the exterior construction thereof is completed. Each single family residence situated on a Lot shall have an enclosed, attached or detached garage for not less than two (2) nor more than four (4) automobiles. No such detached garage shall have more than one (1) story. No carport shall be built, placed, constructed or reconstructed on any Lot. No garage shall ever be changed, altered, reconstructed or otherwise converted for any purpose inconsistent with the garaging of

automobiles. All Owners, their families, tenants and contract purchasers shall, to the greatest extent practicable, utilize such garages for the garaging of vehicles belonging to them.

Section 8.02. Single Family Residential Use. Each Lot (including land and improvements) shall be used and occupied for single family residential purposes only. No Owner or other occupant shall use or occupy his Lot, or permit the same or any part thereof to be used or occupied for any purpose other than as a private single family residence for the Owner or his tenant and their families. As used herein the term "single family residential purposes" shall be deemed to prohibit specifically, but without limitation, the use of Lots for duplex apartments, garage apartments, other apartment use, or group or communal housing. No Lot shall be used or occupied for any business, commercial, trade, or professional purpose either apart from or in connection with the use thereof as a private residence, whether for profit or not.

Section 8.03. Temporary and Other Structures. No structure of a temporary character, trailer, mobile, modular or prefabricated home, tent, shack, barn, or any other structure or building, other than the residence to be built thereon, shall be placed on any Lot, either temporarily or permanently and no residence house, garage or other structure appurtenant thereto, shall be moved upon any Lot from another location; except, however, that Declarant reserves the exclusive right to erect, place and maintain, and to permit builders to erect, place and maintain, such facilities in and upon the Properties as in its sole discretion may be necessary or convenient during the period of and in connection with the sale of Lots, construction and selling of residences and constructing other improvements in the Properties. Such facilities may include, but not necessarily be limited to, a temporary office building, storage area, signs, portable toilet facilities and sales office. Declarant and builders shall also have the temporary right to use a residence situated on a Lot as a temporary office or model home during the period of and in connection with construction and sales operations in the Properties, but in no event shall a builder have such right for a period in excess of one (1) year from the date of substantial completion of his last residence in the Properties.

Section 8.04. Nuisance. No noxious or offensive activity shall be carried on or permitted upon any Lot or upon the Common Facilities, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood or to other Owners. The Board of Trustees of the Association shall have the sole and exclusive discretion to determine what constitutes a nuisance or annoyance. No trucks larger than three-quarters of a ton, motor vehicles not currently licensed, boats, trailers, campers, motor or mobile homes or other vehicles shall be permitted to be parked on any Lot, except in a closed garage, or on any street, except passenger cars and trucks smaller than three-quarters of a ton may be parked on the street in front of the Lot for a period not to exceed twelve (12) hours in any twenty-four (24) hour period. No repair work, dismantling, or assembling of motor vehicles or other machinery or equipment shall be done or permitted on any street, driveway or any part of the Common Facilities. The use or discharge of firearms, firecrackers, or other fireworks in the Properties is prohibited. No motor bikes, motorcycles, motor scooters, "go-carts", or other similar vehicles shall be permitted to be operated in the Properties if, in the sole judgment of the Board

of Trustees of the Association, such operation, by reason of noise or fumes emitted, or by reason of manner of use, shall constitute a nuisance.

Section 8.05. Signs. Except for signs, billboards or other advertising devices displayed by Declarant for so long as Declarant or any successors or assigns of Declarant to whom the rights of Declarant under this Section 8.05 are expressly transferred, shall own any portion of the Properties, no sign of any kind shall be displayed to the public view on any Lot or on the Common Facilities, except:

(a) Builders may display one (1) sign of not more than five (5) square feet on a Lot to advertise the Lot and any residential structure situated thereon for sale during the sales and/or construction period: and

(b) Any Owner may display one (1) sign of not more than five (5) square feet on a Lot improved with a residential structure to advertise the Lot and residence for sale or rent.

Declarant or its agent shall have the right to remove any sign not complying with the provisions of this section, and in so doing shall not be liable and is expressly relieved of any liability for trespass or other tort in connection therewith, or arising from such removal.

Section 8.06. Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except that dogs, cats or other common household pets (not to exceed three (3) adult animals) may be kept, but they shall not be bred or kept for commercial purposes.

Section 8.07. Removal of Dirt. The digging of dirt or the removal of any dirt from any Lot is prohibited, except as necessary in conjunction with landscaping or construction of improvements thereon.

Section 8.08. Garbage and Refuse Storage and Disposal. All Lots and the Common Facilities shall at all times be kept in a healthful, sanitary and attractive condition. No Lot or any part of the Common Facilities shall be used or maintained as a dumping ground for garbage, trash, junk or other waste matter. All trash, garbage, or waste matter shall be kept in adequate containers constructed of metal, plastic or masonry materials, with tight-fitting lids, which shall be maintained in a clean and sanitary condition and screened from public view. No Lot shall be used for open storage of any materials whatsoever, which storage is visible from the street, except that new building materials used in the construction of improvements erected on any Lot may be placed upon such Lot at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without unreasonable delay, until completion of the improvements, after which these materials shall either be removed from the Lot or stored in a suitable enclosure on the Lot. No garbage, trash, debris, or other waste matter of any kind shall be burned on any Lot.

Section 8.09. Septic Tanks. No privy, cesspool, or septic tank shall be placed or maintained upon or in any Lot, or other portion of the Properties.

Section 8.10. Access. No driveways or roadways may be constructed on any Lot to provide access to any adjoining Lot or other portion of the Properties unless the express written consent of the Architectural Control Committee first shall have been obtained.

Section 8.11 Utilities. Each residence situated on a Lot shall be connected to the water and sewer lines as soon as practicable after same are available at the Lot line.

Section 8.12. Minimum Lot Area. No Lot or Lots may be resubdivided into a greater number of lots. Any number of lots may, however, be subdivided into a lesser number of lots so long as none of the resulting lots is smaller than the smallest of the lots resubdivided. For example, three lots could be resubdivided into two lots so long as both of the new lots are larger than the smallest of the original three.

Section 8.13. Oil and Mining Operations. No oil drilling or development operations, 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 8.14. Lot Maintenance. The Owners or occupants of all Lots shall at all times keep all weeds and grass thereon cut in a sanitary, healthful and attractive manner and shall in no event use any Lot for storage of materials and equipment except for normal residential requirements or incident to construction of improvements thereon as herein permitted or permit the accumulation of garbage, trash or rubbish of any kind thereon and shall not burn anything (except by use of any incinerator and then only during such hours as permitted by law). The drying of clothes in full public view is prohibited and the Owners or occupants of any Lots at the intersection of streets or adjacent to parks, playgrounds, waterfront or other facilities where the rear yard or portion of the Lot is visible to full public view shall construct and maintain a drying yard or other suitable enclosure to screen the following from public view: the drying of clothes, yard equipment, wood piles or storage piles which are incident to the normal residential requirements of a typical family. In the event of default on the part of the Owner or occupant of any Lot in observing the above requirements, or any of them, such default continuing after ten (10) days written notice thereof, Declarant, its successors and assigns or the Association may, without liability to the Owner or occupant in trespass or otherwise, enter upon said Lot and cause to be cut such weeds and grass and remove or cause to be removed such garbage, trash and rubbish or do any other thing necessary to secure compliance with this Declaration in order to place said Lot in a neat, attractive, healthful and sanitary condition, and may charge the Owner or occupant of such Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of such Lot to pay such statement immediately upon receipt thereof.

Section 8.15. Special Restrictions Imposed by the Public Service Board. By deed dated July 26, 1994, recorded in the Real Property Records of El Paso County, Texas (the "PSB Deed"), the City of El Paso, Texas, a Texas municipal corporation on behalf of El Paso Water Utilities Public Service Board, imposed the following restrictions on property that includes the Subdivision:

Section 8.15.1 Contamination. For a period of at least seventy-five (75) years from the date of the PSB Deed, neither the owners nor the occupants of any lot shall discard, place or store any radioactive material or other material which would contaminate or otherwise damage the groundwater supply or sources of the City of El Paso.

Section 8.15.2 Turf and Irrigation. Development of the property comprising the Subdivision shall be governed by the following restrictions:

Turf Areas. Turf Areas, exclusive of non-irrigated or non-maintained landscaped areas, shall not exceed the following percentages of the landscape area provided:

- i. Commercial, office and industrial: 15%
- ii. Apartments, duplexes and other multi-family dwellings, single-family attached or detached dwellings, and all other residential dwellings, including mobile and modular homes: 50%
- iii. All other developments excluding parks, golf courses, and cemeteries: 15%

Turf and/or Sprinkler Spray Heads. Turf and/or sprinkler spray heads shall not be installed in the following locations:

- i. along street curbs;
- ii. in areas whose width is less than eight (8) feet;
- iii. in rights-of-way whose slopes are 15° or greater from the horizontal; and
- iv. on sites whose slopes are 25° or greater from the horizontal.

ARTICLE IX. GENERAL PROVISIONS

Section 9.01. Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association or the Owner of any land subject to this Declaration or any Supplemental Declaration, their respective legal representatives, heirs, successors and assigns, for an initial term commencing on the effective date hereof and ending December 31, 2036. During such initial term and subject to the rights of Declarant to amend this Declaration, as stated in Section 9.03, the covenants, conditions and restrictions of this Declaration may be changed or terminated only by an instrument signed by the then owners of seventy-five percent (75%) of all Lots in the Subdivision and properly recorded in the appropriate records of El Paso County, Texas. Upon the expiration of such initial term, said covenants, conditions and restrictions (as changed, if changed), and the enforcement rights relative thereto, shall be automatically extended for

successive periods of ten (10) years. During such ten (10) year extension periods, the covenants, conditions and restrictions of this Declaration may be changed or terminated only by an instrument signed by the then Owners of not less than fifty-one percent (51%) of all the Lots in the Subdivision and properly recorded in the appropriate records of El Paso County, Texas. Notwithstanding the foregoing, any amendment or termination is subject to rights granted to the City of El Paso under this Declaration. In addition to any other approvals required to be obtained herein, changes of a material nature must be approved by eligible mortgage holders representing at least fifty-one percent (51%) of the Lots which are subject to mortgages held by eligible mortgage holders. As used herein, the term "eligible mortgage holders" shall mean those holders of a first mortgage on a Lot who have requested that the Association notify them of any purposed action which requires the consent of a specified percentage of eligible mortgage holders. A change to any of the following shall be considered of a material nature.

- (a) Voting rights;
- (b) Assessment liens or subordination of assessment liens;
- (c) Reserves for maintenance and repairs;
- (d) Reallocation of the rights to use the Common Facilities;
- (e) Contraction of the Subdivision or withdrawal of property from the Subdivision;
- (f) Imposition of any restrictions on an Owner's right to sell or transfer his or her Lot;
- (g) Any provisions hereof which expressly benefit mortgage holders, insurers or guarantors; or
- (h) Any decision not to restore or repair any material part of the Subdivision after a casualty damage or partial condemnation.

The approval of an eligible mortgage holder to an amendment other than a material change shall be implied if such holder fails to respond to any written proposal for an amendment within thirty (30) days of mailing such proposal. Notwithstanding any provision in this Declaration to the contrary, the legal status of the Subdivision may not be terminated for reasons other than substantial destruction or condemnation of the subdivision unless eligible mortgage holders representing at least sixty-seven percent (67%) of the votes of the mortgaged Lots agree. Moreover, any amendment or termination is subject to rights granted to the City of El Paso under this Declaration, if any.

Section 9.02. **Enforcement.** The Association, as a common expense to be paid out of the Maintenance Fund, or any Owner at his own expense, shall have the right to enforce, by proceedings at law or in equity, all restrictions, covenants, conditions, reservations, liens,

charges, assessments, and all other provisions set out in this Declaration. Failure of the Association or of any Owner to take any action upon any breach or default of or in respect to any of the foregoing shall not be deemed a waiver of their right to take enforcement action upon any subsequent breach or default. The City of El Paso shall have a like right of enforcement under this Section. The prevailing party in any enforcement action shall be entitled to recover his costs, including reasonable attorney's fees.

Section 9.03. Amendments by Declarant. The Declarant shall have and reserves the right at any time and from time to time, without the joinder or consent of any other party to amend this Declaration by any instrument in writing duly signed, acknowledged, and filed for record for any purpose prior to the Conversion Date. The Declarant may amend this Declaration with respect to the Lots in subsequent phases.

Section 9.04. Interpretation. If this Declaration or any word, clause, sentence, paragraph, or other part thereof shall be susceptible of more than one or conflicting interpretations, then the interpretation which is more nearly in accordance with the general purposes and objectives of this Declaration shall govern.

Section 9.05. Omissions. If any punctuation, word, clause, sentence, or provision necessary to give meaning, validity, or effect to any other word, clause, sentence or provision appearing in this Declaration shall be omitted herefrom, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence or provision shall be supplied by inference.

Section 9.06. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, post-paid to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 9.07. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, males or females, shall in all cases be assumed as though in each case fully expressed.

Section 9.08. Severability. Invalidation of any one or more of the covenants, restrictions, conditions, or provisions contained in this Declaration, or any part thereof, shall in no manner affect any of the other covenants, restrictions, conditions, or provisions hereof, which shall remain in full force and effect.

Section 9.09. Security. Neither Declarant nor the Association shall be obligated to provide security services of any kind. The Declarant or the Association, upon majority vote of its Members, may opt to provide limited security services, but shall have no responsibility or liability for failure to provide any such services, or for the negligent acts or omissions of the employees or agents of any entity engaged to provide such security service.

Section 9.10. Changes in Property Configuration. Declarant reserves the right to make such changes in the boundaries and designations of Lots not sold to others and in the Common Facilities as Declarant deems advisable, provided that any such changes shall not have a material adverse effect upon the boundaries or the beneficial use and enjoyment of any Lot then owned by Owners other than Declarant.

Section 9.11. Insurance. The Association shall obtain and pay the premiums upon, as a common expense, policies of insurance providing the coverage deemed necessary by the Board of Trustees, and as required by any contracts with the City of El Paso. All insurers and reinsurers, if applicable, must be licensed, or otherwise authorized by law to conduct business in the State of Texas. In addition, the Association shall purchase fidelity insurance or bonds covering losses resulting from dishonest or fraudulent acts committed by the Association's employees, trustees, or volunteers who manage funds collected and held for the benefit of the Owners. The Association shall also purchase such other insurance coverage as shall hereafter be required by law or determined by the Board of Trustees to be necessary for the protection of the Owners and the mortgage holders, or to insure approval of the Subdivision for participation in the Federal Home Loan Mortgage Corporation and Federal National Mortgage Association programs. Each Owner, and not the Association, shall have the responsibility of obtaining and keeping in full force and effect, at the Owner's sole expense, insurance covering the properties and liabilities of such Owner. In the event of loss or damage to the Common Facilities, or the property of an Owner which shall be covered by insurance, the insurance company paying such claim shall have no right of subrogation against the Association, its agents and employees, nor against the Owners, their tenants, or members of their respective households.

Section 9.12. Rights of Mortgage Holders, Insurers and Guarantors. Any mortgage holder, insurer or guarantor of a mortgage may obtain a written notice of any of the items or events described below upon written request therefore to the Association setting forth the name and address of the mortgage holder, insurer or guarantor, as the case may be, as well as the Lot number or address of the Lot which is subject to said mortgage, insurance or guarantee. Upon submission of such request, the mortgage holder, insurer or guarantor will be entitled to receive notice of the following:

- (a) Any condemnation or casualty loss that affects either a material portion of the Subdivision or the Lot mortgaged, insured or subject to guarantee;
- (b) Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of the Lot mortgaged, insured or subject to guarantee;
- (c) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(d) A proposed action that requires the consent of a specified percentage of eligible mortgage holders. A first mortgage holder, upon request, is entitled to written notification from the Association of any default in the performance by an Owner of any obligation set forth in this Declaration not cured within sixty (60) days from the date of said default.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, have executed this Declaration to be effective as of the 20th day of January, 1997..

DECLARANT:

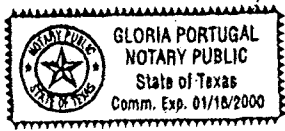
PARK HILLS J.V., a Texas joint venture

By: Joe Hanson Homes, Inc. d/b/a Hanson Development Corp., Managing Venturer

By: [Signature]
Joe G. Hanson
Chairman of the Board

STATE OF TEXAS)
)
COUNTY OF EL PASO)

This instrument was acknowledged before on this 20th day of January, 1997, by Joe G. Hanson, Chairman of the Board of Joe Hanson Homes, Inc. d/b/a Hanson Development Corp., Managing Venturer of Park Hills J.V., a Texas joint venture, on behalf of said joint venture.



[Signature]
Notary Public