

DOCUMENTS
FOR
GRAND ADDISON II

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In the Office of the
Secretary of State of Texas
- OCT 26 1993
Corporations Section

ARTICLES OF INCORPORATION

OF

GRAND ADDISON II HOMEOWNERS ASSOCIATION, INC.

We, the undersigned, natural persons of the age of twenty-one years or more, at least two of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation.

ARTICLE ONE

Definitions

The following words when used in these Articles of incorporation shall have the following meanings:

"Act" shall mean and refer to the Texas Non-Profit Corporation Act, Articles 1396-1.01 through 1396-11.01, Vernon's Tex. Ann. Civil Statutes, and all amendments and additions thereto.

"Common Maintenance Areas" shall have the meaning given to it in the Declaration.

"Corporation" shall mean and refer to the corporation incorporated hereunder.

"Declarant" shall mean and refer to collectively Grand Homes, Inc., a Texas corporation, and Beltway-Les Lacs, Ltd., a Texas limited partnership, and their successors and any assignee, other than an Owner, who shall receive by assignment from the said Grand Homes, Inc. or Beltway-Les Lacs, Ltd., all, or a portion, of its rights under the Declaration as such Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

"Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions and Restrictions applicable to the Properties and recorded in Volume 93169 at Pages 4610, et seq., of the Deed Records of Dallas County, Texas, and as the same may be amended or supplemented from time to time as therein provided.

"Member" or "Owner" shall have the meanings given to them in the Declaration.

"Properties" shall mean and refer to the land and premises in the City of Addison, Dallas County, Texas, as described and defined in the Declaration.

ARTICLE TWO

The name of the Corporation is Grand Addison II Homeowners Association, Inc.

ARTICLE THREE

The Corporation is a non-profit corporation.

ARTICLE FOUR

The period of its duration is perpetual.

ARTICLE FIVE

This Corporation does not contemplate pecuniary gain or profit to its Members, and the specific purposes for which it is formed are:

To provide for maintenance and preservation, and to promote the health, safety and welfare of the residents, of the Properties, and to preserve the beautification of the Properties, and for these purposes:

(a) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation;

(b) To maintain the Common Maintenance Areas;

(c) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in the Declaration, and reference to the Declaration is hereby made for all purposes;

(d) To fix, levy, collect and enforce payment by any lawful means, all charges or assessments provided for by the terms of the Declaration and to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Corporation, including any licenses, taxes or governmental charges which may be levied or imposed against any property owned by the Corporation;

(e) To borrow money, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) Insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors of the Corporation, will promote the common benefit and enjoyment of the residents of the Properties, provided, that no part of the net earnings of the Corporation shall inure to the benefit of or be distributable to any Member, director or officer of the Corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or

for the Corporation effecting one or more of its purposes), and no member, director or officer of the Corporation, or any private individual, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation; and provided, further, that no part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting, to influence legislation, or participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; and

(g) Nothing contained in these Articles of Incorporation shall grant any authority to any officer or director of the Corporation for the exercise of any powers which are inconsistent with limitations on any of the same which may be expressly set forth in the Act.

ARTICLE SIX

The address of the initial registered office of the Corporation is c/o Grand Homes, Inc., 8800 North Central Expressway, Suite 330, Dallas, Texas 75231 and the name of its initial registered agent at such address is Edward D. Toole III.

ARTICLE SEVEN

The business and affairs of the Corporation shall be managed by an initial Board of three (3) Directors. The number of directors may be changed by amendment of the By-laws of the Corporation, but shall in no event be less than three (3). The names and addresses of the persons who are to act initially in the capacity of directors until the selection of their successors are:

Stephen H. Brooks	8800 North Central Expressway Suite 330 Dallas, Texas 75231
Edward D. Toole III	8800 North Central Expressway Suite 330 Dallas, Texas 75231
Bruce French	c/o Strand Texas, Inc. 4835 LBJ Freeway, Suite 280 Dallas, Texas 75244

ARTICLE EIGHT

The name and street address of the incorporator is:

Edward D. Toole III	8800 North Central Expressway Suite 330 Dallas, Texas 75231
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ARTICLE NINE

Every person or entity who is now or hereafter becomes an "Owner" or "Member" as defined in the Declaration shall automatically be a Member of the Corporation.

ARTICLE TEN

The capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Declaration.

Every person or entity who is a record owner of a fee or an undivided fee interest in any Estate, and only such persons or entities, shall be Members of the Corporation. Membership in the Corporation shall be appurtenant to and may not be separated from ownership of any Estate in the Properties. Ownership of such Estate shall be the sole qualification for membership in the Corporation. The Corporation may (but shall not be required to) issue certificates evidencing membership therein.

The Corporation shall have two classes of voting membership as set forth and described in the Declaration, and the voting rights of each Member shall be as set forth in the Declaration. Cumulative voting in the election of the Board of Directors or in the exercise of any other right to vote is expressly prohibited.

ARTICLE ELEVEN

Upon dissolution of the Corporation, the assets both real and personal of the Corporation shall be dedicated to an appropriate public agency to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Corporation. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization engaged in activities substantially similar to those of the Corporation and which are qualified as exempt organizations under the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future United States Internal Revenue law.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of October, 1993.



Edward D. Toole III

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on 19th day of October, 1993, by Edward D. Toole III.



Janet Bishop
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

My Commission Expires:

Printed Name

GRAND ADDISON II HOMEOWNERS ASSOCIATION, INC.

UNANIMOUS CONSENT OF DIRECTORS

IN LIEU OF

ORGANIZATIONAL MEETING OF

THE BOARD OF DIRECTORS

Date: October 21, 1993

Pursuant to the authority contained in Article 9.10A of the Texas Non-Profit Corporation Act, the undersigned, being all of the members of the Board of Directors of Grand Addison II Homeowners Association, Inc. (the "Corporation"), do hereby adopt the following resolutions with the same force and effect as though adopted at an organizational meeting of said Board of Directors duly called and held:

RESOLVED, that the Certificate of Incorporation of the Corporation which was filed with the Secretary of State of the State of Texas on October 26, 1993, together with the accompanying Certificate of the Secretary of State, are approved and ordered to be filed in the Minute Book of the Corporation as a part of the permanent records of the Corporation.

* * * * *

RESOLVED, that the Bylaws in the form presented to the Directors are adopted as and for the Bylaws of the Corporation, and that the Secretary of the Corporation is instructed to insert them in the Minute Book immediately following the copy of the Certificate of Incorporation.

* * * * *

RESOLVED, that the following persons be elected to the offices set forth opposite their respective names below, each of such persons to serve until the first annual meeting of Directors or until his successor has been duly elected and qualified:

Stephen H. Brooks	President
Edward D. Toole III	Vice President/Treasurer
Janet Bishop	Secretary

* * * * *

RESOLVED, that the Secretary is instructed to retain custody of the Minute Book, and to insert therein this Unanimous Consent and the minutes of all other proceedings of the members, if any, and directors of the Corporation.

* * * * *

RESOLVED, that the President has the responsibility of directing the Corporation to pay all applicable federal and state taxes, including Federal Insurance Contribution Act (FICA), Federal Unemployment Tax Act (FUTA), and withholding taxes.

* * * * *

RESOLVED, that the Corporate Seal of the Corporation, an impression of which is affixed hereto, is approved and adopted as the Corporate Seal of the Corporation.

* * * * *

RESOLVED, that the fiscal year of the Corporation shall end December 31 of each calendar year.

* * * * *

RESOLVED, that Comerica Bank is designated as depository of the Corporation and that the banking resolution attached hereto as Exhibit "A" is adopted.

* * * * *

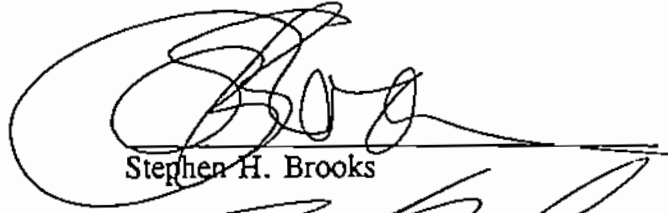
RESOLVED, that a bank account be established in the name of the Corporation wherein may be deposited any of the funds of the Corporation, whether represented by cash, checks, notes or other evidences of debt and from which deposit withdrawals are authorized in the name of the Corporation by any one of the following:

Stephen H. Brooks
Edward D. Toole III

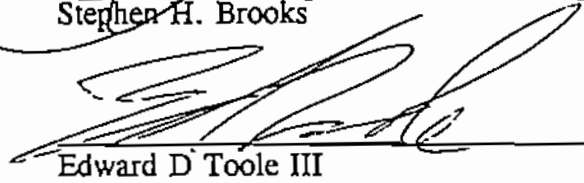
* * * * *

RESOLVED, that the Secretary of the Corporation is authorized to pay all charges and expenses incident to and arising out of the organization of the Corporation and to reimburse any person who has made any disbursements therefor.

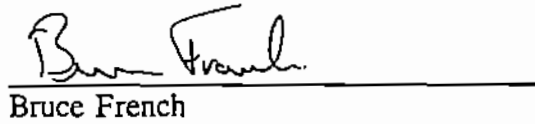
IN WITNESS WHEREOF, we have duly executed this Unanimous Consent this 27th day of October, 1993.



Stephen H. Brooks



Edward D Toole III



Bruce French

BYLAWS

BYLAWS OUTLINE

SUBDIVISION: GRAND ADDISON II

LEGAL NAME:

ARTICLE I DEFINITIONS **Page 1**

Act
Association
Articles
Common Maintenance Areas
Declarant
Declaration
Lot

Member or Owner **Page 2**
Properties

ARTICLE II OFFICES

ARTICLE III MEMBERSHIP

Section 1. Membership
Section 2. Suspension of Membership

ARTICLE IV PROPERTY RIGHTS: RIGHTS OF ENJOYMENT **Page 3**

Section 1. Use of Property

ARTICLE V BOARD OF DIRECTORS: SELECTION ; TERM OF OFFICE

Section 1. Number
Section 2. Election
Section 3. Removal
Section 4. Compensation

Section 5. Action Taken Without a Meeting **Page 4**

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings
Section 2. Special Meetings
Section 3. Quorum

ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination
Section 2. Election

ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS **Page 5**

Section 1. Powers
Section 2. Duties

ARTICLES IX COMMITTEES Page 6

Section 1. Committees
a. Recreation Committee
b. Maintenance Committee
c. Publicity Committee
d. Audit Committee
Section 2. Complaints from Members

ARTICLE X MEETINGS OF MEMBERS Page 7

Section 1. Place of Meetings
Section 2. Annual Meetings
Section 3. Special Meetings
Section 4. Notice
Section 5. Purpose
Section 6. Quorum
Section 7. Majority Vote

Section 8. Voting rights Page 8
Section 9. Proxies
Section 10. List of Members
Section 11. Record Date
Section 12. Action Without Meeting
Section 13. Conflict

ARTICLE XI OFFICERS AND THEIR DUTIES Page 9

Section 1. Enumeration of Offices
Section 2. Election of Officers
Section 3. Term
Section 4. Special Appointments
Section 5. Resignation and Removal
Section 6. Vacancies
Section 7. Multiple Offices
Section 8. Duties

a. President
b. Vice President Page 10
c. Secretary
d. Treasurer

ARTICLE XII ASSESSMENTS

ARTICLE XIII BOOKS AND RECORDS

ARTICLE XIV CORPORATE SEAL Page 11

ARTICLE XV AMENDMENTS

ARTICLE XVI FISCAL YEAR

ARTICLE XVII INDEMNIFICATION OF OFFICERS AND DIRECTORS

GRAND ADDISON II HOMEOWNERS ASSOCIATION, INC.

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B Y L A W S

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ARTICLE I

DEFINITIONS

The following words when used in these bylaws, unless a different meaning or intent clearly appears from the context, shall have the following meanings:

"Act" shall mean and refer to the Texas Non-Profit Corporation Act, Articles 1396-1.01 through 1396-11.01, Vernon's Tex. Ann. Civil Statutes, and all amendments and additions thereto.

"Association" shall mean and refer to Grand Addison II Homeowners Association, Inc., a Texas non-profit corporation.

"Articles" shall mean and refer to the Articles of Incorporation of the Association.

"Common Maintenance Areas" shall have the meaning given to it in the Declaration.

"Declarant" shall mean and refer to collectively Grand Homes, Inc., a Texas corporation, and Beltway-Les Lacs, Ltd., a Texas limited partnership, and their successors and any assignee, other than an Owner, who shall receive by assignment from the said Grand Homes, Inc. or Beltway-Les Lacs, Ltd., all, or a portion, of its rights hereunder as such Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

"Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions and Restrictions applicable to the Properties and recorded in Volume 93169, Page 4610 of the Deed Records of Dallas County, Texas, and as the same may be amended or supplemented from time to time as therein provided.

"Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map of the Properties which is shown as a lot thereon and which is or is to be improved with a residential dwelling.

"Member" or "Owner" shall mean and refer to each and every person or entity who is alone or together with other persons or entities a record title owner of a fee or undivided fee interest in any Lot; provided, however, the terms "Member" or "Owner" shall not include any person or entity holding a bona fide lien or security interest in a Lot or other tract or parcel of real estate out of or a part of the Properties as security for the performance of an obligation, but may include the Declarant.

"Properties" shall mean and refer to the land and premises in the City of Addison, Dallas County, Texas, as defined in the Declaration.

ARTICLE II

OFFICES

Section 1. The registered office of the Association shall be located in the City of Dallas, County of Dallas, State of Texas.

Section 2. The Association may also have offices at such other places, within and without the State of Texas, as the board of directors may from time to time determine or as the business of the Association may require.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Each Member shall be a member of the Association. Membership shall be appurtenant to and may not be separated from the ownership of the real property which is subject to assessment by the Association. Ownership of such real property interest, as provided in the Declaration, shall be the sole qualification for membership. The Association shall have two classes of voting membership, Class A Membership and Class B Membership, as provided in Section 2.2 of the Declaration.

Section 2. Suspension of Membership. During any period in which a Member shall be in default in the payment of any annual or special assessment levied by the Association, the voting rights and right to use of the Common Maintenance Areas of such Member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member may also be suspended, after notice and hearing, for a period not to exceed thirty (30) days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Properties and facilities.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Section 1. Use of Properties. Each Member shall be entitled to the use and enjoyment of the properties and facilities owned by the Association from time to time as provided in the Declaration. Any Member may delegate his rights of enjoyment of properties and facilities to the members of his family, his tenants or contract purchasers, who reside on his Lot. Such Member shall notify the Secretary in writing of the name of any such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the Member.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors until the annual meeting in 1994, and thereafter the number of directors shall be established by the Board at each annual meeting, which number shall never be less than three (3).

Section 2. Election. At the first annual meeting (in 1994) and each annual meeting thereafter until the directors are elected solely by the Class A Members, the Members shall elect three directors for a term of one (1) year each. At the first annual meeting following the date upon which all directors are to be elected solely by Class A Members, the Class A Members shall elect five directors who shall serve for the following terms:

The three directors receiving the highest number of votes shall each serve for a term of two years, and the remaining two directors shall each serve for a term of one year.

At each annual meeting thereafter, the Class A Members shall elect new directors to fill any vacancy created by expired terms of existing directors in a manner so that the Corporation will at all times have five directors, all of whom shall have two-year terms; provided, that the number of directors shall be subject to adjustment from time to time as determined the Board under Section 1 of this Article V above.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days written notice delivered to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the properties and facilities of the Association, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles, or the Declaration;
- (c) declare the office of a Member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (d) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided herein, and in the Declaration, to:
 - (i) fix the amount of the annual assessment against each owner in advance of each annual assessment period, and fix the amount of all special assessments and default assessments, as provided in Article IV of the Declaration; and
 - (ii) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) cause the Common Maintenance Areas to be maintained as provided in the Declaration.

ARTICLE IX

COMMITTEES

Section 1. Committees. The Board of Directors shall appoint as provided in the Declaration, a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes, such as:

(a) A Recreation Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;

(b) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Properties, and shall perform such other functions as the Board in its discretion determines;

(c) A Publicity Committee which shall inform the Members of all activities and functions of the Association, and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association; and

(d) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, as provided in Article XI, Section 8 hereof. The Treasurer shall be an ex officio member of the Committee.

Section 2. Complaints from Members It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

Section 1. Place of Meetings Meetings of the Members for the election of directors shall be held at the offices of the Association in the City of Dallas, State of Texas, or at such other location within the City of Addison, State of Texas, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. Meetings of Members for any other purpose may be held at such place, within or without the State of Texas, and at such time as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. Annual meetings of Members, commencing with the year 1994 shall be held on the fourth Tuesday of April if not a legal holiday, and if a legal holiday, then on the next secular day following at a time set by the President, at which they shall elect by a plurality vote a Board of Directors, and transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings. Special meetings of the Members may be called by the President, the Board of Directors and shall be called by the Secretary upon written request of Members entitled to cast one-fourth (1/4) of all of the votes of the entire membership or who are entitled to cast one-fourth (1/4) of the votes of the Class A membership.

Section 4. Notice. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the day of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting, to each Member entitled to vote at such meeting.

Section 5. Purpose. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 6. Quorum. The presence at any meeting of Members entitled to cast one-tenth (1/10) of the votes of each class of membership, represented in person or by proxy, shall constitute a quorum at meetings of Members except as otherwise provided in the Declaration or the Articles. If, however, a quorum shall not be present or represented at any meeting of the Members, the Members present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. Majority Vote. The vote of Members entitled to cast a majority of the votes thus represented at a meeting at which a quorum is present shall be the act of the Members meeting, unless the vote of a greater number is required by law, the Declaration or the Articles.

Section 8. Voting Rights. Each Member may cast as many votes as he is entitled to exercise under the terms and provisions of the Articles on each matter submitted to a vote at a meeting of Members, except to the extent that the voting rights of any Member have been suspended in accordance with these Bylaws. At each election for directors every Member entitled to vote at such election shall have the right to cast as many votes as he is entitled to exercise under the terms and provisions of the Articles, in person or by proxy, for as many persons as there are directors to be elected and for whose election he has a right to vote, and Members of the Association are expressly prohibited from cumulating their votes in any election for directors of the Association.

Section 9. Proxies. A Member may vote in person or by proxy executed in writing by the Member or by his duly authorized attorney in fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for a period of more than eleven (11) months from the date of its execution.

Section 10. List of Members. The officer or agent having charge of the corporate books shall make, at least ten (10) days before each meeting of Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the Association and shall be subject to inspection by any Member at any time during the usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the Meeting.

Section 11. Record Date. The Board of Directors may fix in advance a date, not exceeding fifty (50) days preceding the date of any meeting of Members, as a record date for the determination of the Members entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, and in such case such Members and only such Members as shall be Members of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, notwithstanding any change of membership on the books of the Association after any such record date fixed as aforesaid.

Section 12. Action Without Meeting. Any action required by the statutes to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members whose vote is required for the approval of the subject-matter thereof, and such consent shall have the same force and effect as a vote of Members.

Section 13. Conflict. Any conflict between one or more provisions of these Bylaws and one or more provisions of the Articles shall be resolved in favor of the provision(s) set forth in the Articles.

ARTICLE XI

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

(b) The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks and promissory notes of the Association, keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare (i) an annual budget and (ii) a statement of income and expenditures, to be presented to the membership at its regular annual meeting, a copy of each of which shall be made available to each Member upon request.

ARTICLE XII

ASSESSMENTS

The rights of membership in the Association are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against the Owner of and becomes a lien upon the real property against which such assessments are made as provided by Article IV of the Declaration, which is incorporated herein by reference and made a part hereof for all purposes.

ARTICLE XIII

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIV

CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Association, the year of its organization and the words "Corporate Seal, State of Texas." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE XV

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XVI

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVII

INDEMNIFICATION OF OFFICERS AND DIRECTORS


The Association may indemnify an officer or director who was, is, or is threatened to be made a named defendant or respondent in a proceeding because such person is or was a director or officer if it is determined, in accordance with the provisions of Article 1396-2.22A of the Act, as the same may be amended from time to time, that the person:

- (i) conducted himself or herself in good faith;
- (ii) reasonably believed:
 - a. in the case of conduct in his or her official capacity as a director or officer of the Association, that his or her conduct was in the Association's best interests; and

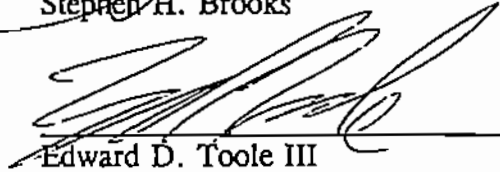
- b. in all other cases, that his or her conduct was at least not opposed to the Association's best interests; and
- (iii) in the case of any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Any indemnification made under the provisions of this Article XVII shall be made in accordance with the provisions of the Act.

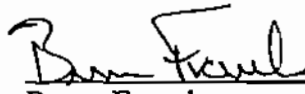
IN WITNESS WHEREOF, we, being all of the directors of the Grand Addison II Homeowners Association, Inc. have hereunto set our hands this 27th day of October, 1993.



Stephen H. Brooks



Edward D. Toole III



Bruce French

SUPPLEMENTARY DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

GRAND ADDISON II
(adding Grand Addison III)

THIS SUPPLEMENTARY DECLARATION OF COVENANTS AND RESTRICTIONS (this "Supplement"), made this 2nd day of July, 1994, by GRAND HOMES, INC. ("Homes"), a Texas corporation, and BELTWAY-LES LACS, LTD. ("Beltway"), a Texas limited partnership (Homes and Beltway being sometimes collectively called "Declarants");

W I T N E S S E T H:

Introductory Statement

A. In order to provide for the maintenance of front yards of residences constructed within the Properties and for the maintenance and preservation of certain other areas, Declarants have executed, delivered and filed for record a certain Declaration of Covenants and Restrictions for Grand Addison II (the "Declaration"), dated August 30, 1993, and recorded in Volume 93169 at Pages 4610, *et seq*, of the Deed Records of Dallas County, Texas, as amended by a certain First Amendment to Declaration of Covenants and Restrictions dated December 20, 1993, and recorded in Volume 93250 at Pages 2272, *et seq*, of the Deed Records of Dallas County, Texas. Section 2.3 of the Declaration provides, in part, that additional tracts of land, together with the improvements situated thereon, may become subject to the Declaration and added to the Properties by the filing of record a Supplementary Declaration of Covenants and Restrictions by either Declarant.

B. Beltway is the owner of a certain additional tract of land platted as Grand Addison III situated in the Town of Addison, Dallas County, Texas, recorded in Volume 94105, Page 01921 of the Dallas County Deed Records containing ninety-one (91) single-family residential lots (the "Additional Property").

C. In accordance with the provisions of Section 2.3 of the Declaration, Declarants desire to hereby extend the concept of the covenants, conditions and restrictions of the Declaration to the Additional Property.

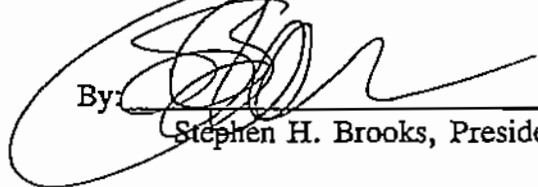
Declaration

NOW, THEREFORE, Declarants hereby declare that the Additional Property shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, easements, charges and liens of the Declaration and that, accordingly, the Additional Property shall hereafter be included within the defined term "Properties" for all purposes under the terms of the Declaration.

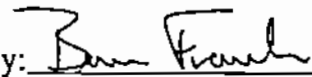
As supplemented hereby, the Declaration shall continue in full force and effect in accordance with its terms.

DECLARANTS:

GRAND HOMES, INC.,
a Texas corporation

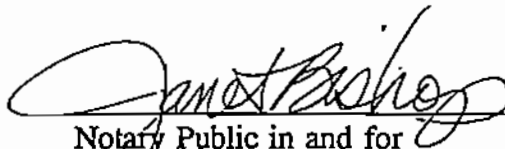
By: 
Stephen H. Brooks, President

BELTWAY-LES LACS, LTD.,
a Texas limited partnership

By: 
Bruce French, President

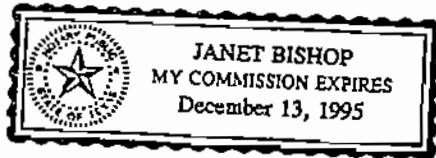
THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 22nd day of July, 1994, by Stephen H. Brooks, President of GRAND HOMES, INC., a Texas corporation, on behalf of such corporation.


Notary Public in and for
the State of Texas

My Commission Expires:

Printed Name



SECOND AMENDMENT TO
DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
GRAND ADDISON II



THIS SECOND AMENDMENT TO DECLARATION (the "Amendment"), made this 9th day of July, 1996, by GRAND HOMES, INC., a Texas corporation ("Declarant"):

RECITALS

A. Declarant and BELTWAY-LES LACS, LTD., a Texas limited partnership (collectively the "Declarants") have executed and filed for record in the Deed Records of Dallas County, Texas, a certain Declaration of Covenants and Restrictions for Grand Addison II (the "Declaration"), dated August 30, 1993, and recorded in Volume 93169, Page 4610 et seq. of the Deed Records of Dallas County, Texas. Declarants have further executed and filed for record in the Deed Records of Dallas County, Texas that certain First Amendment to Declaration of Covenants and Restrictions for Grand Addison II, dated December 20, 1993, and that certain Supplementary Declaration of Covenants and Restrictions for Grand Addison II, dated July 22, 1994, adding the property described therein to the coverage of the Declaration.

B. Sections 9.1(c) and 9.3(b) of the Declaration provide that the Declarants, or either of them, have the right and authority as attorneys-in-fact for each and every Owner and Member "to sign, execute, acknowledge, deliver and record any and all instruments which modify, amend, change, enlarge, contract or abandon the terms within this Declaration, or any part hereof, with 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". This power of attorney is coupled with an interest and continues until all lots are sold to Class A Members.

C. BELTWAY-LES LACS, LTD. has sold all of the Lots owned by it to Class A Members.

D. Declarant deems it necessary, proper and expedient under circumstances and conditions currently existing to modify and enlarge the provisions of ARTICLE VII, PROTECTIVE COVENANTS of the Declaration by the addition of Section 7.17 as below provided.

E. Declarant desires to make this Amendment to protect the persons and property of the Owners, Members and Residents of Grand Addison II.

AMENDING PROVISIONS

NOW, THEREFORE, Declarant hereby amends the Declaration by the addition of Section 7.17 to Article VII of the Declaration as follows:


7.17 Offensive Activities. No noxious or offensive activity shall be conducted on any Lot nor shall anything be done thereon which is or may become an annoyance or nuisance within the Properties or any portion thereof. Loud, boisterous, drunken, or threatening conduct, on the part of any Member or Resident, or vandalism, or trespassing on the Lot of another Owner, or any activities which injure or may injure persons or property shall, without limitation, be defined as "offensive activity". Cumulative of the remedies provided in Section 9.4 of the Declaration, upon a complaint from any Owner, Resident, or Member, and after such investigation as the Board may deem appropriate, a written notice shall be sent by the Board (or the Management Company or attorney retained by the Board) to the Owner of the Lot occupied by the person or persons violating this provision (and to the Resident if other than the Owner) specifying the nature of the complaint and making formal demand that it cease. If the offending party is a Resident leasing from an Owner, the Owner shall have 30 days from formal notice to remove the tenant or to otherwise insure that the offensive activity does not recur. The offending party, and the Owner (who does not prevent the recurrence of offensive activity by the same Resident after 30 days from formal notice and demand), shall be subject to a fine for each repeated violation of this provision which fine shall not exceed \$500.00 (the "Violation Fine"). If, after the imposition of the Violation Fine, the offending party repeats the violation the Board shall have the power and authority, to assess an additional Violation Fine not to exceed \$500.00. There shall be no limit to the number or the aggregate amount of Violation Fines which may be levied against a person for repeated violations of this provision. The Violation Fines, together with interest at 18% per annum and any costs of collection, including attorney's fees, shall be a continuing lien upon the Lot against which such Violation Fine is made.

As amended hereby and by previous amendment and supplementary declaration, the Declaration shall continue in full force and effect in accordance with its terms.

EXECUTED as of the day and year first above written.

DECLARANT:


GRAND HOMES, INC.,
a Texas corporation

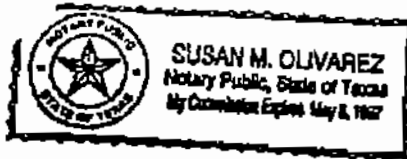
By: 
Name: Edward D. Toole
Title: Executive Vice President

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

This instrument was acknowledged before me on the 9th
day of July, 1996, by EDWARD D. TOOLE
the EX. VICE PRESIDENT of GRAND HOMES, INC., a Texas
corporation, on behalf of such corporation.

[Notary Stamp]


Notary Public in and for
the State of Texas



FIRST AMENDMENT TO
DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
GRAND ADDISON II

THIS FIRST AMENDMENT TO DECLARATION (this "Amendment"), made this 20th day of December, 1993, by GRAND HOMES, INC. ("Homes"), a Texas corporation, and BELTWAY-LES LACS, LTD. ("Beltway"), a Texas limited partnership (Homes and Beltway being sometimes collectively called "Declarants");

WITNESSETH:

Introductory Statement

A. Declarants have executed and filed for record in the Deed Records of Dallas County, Texas, a certain Declaration of Covenants and Restrictions for Grand Addison II (the "Declaration"), dated August 30, 1993, and recorded in Volume 93169 at Pages 4610, et seq. of the Deed Records of Dallas County, Texas, pursuant to the terms of which, among other things, Declarants provided for the maintenance of front yards of residences constructed within the Properties and for the maintenance and preservation of certain other areas, as therein provided.

B. Declarants desire to hereby modify and the Declaration as set forth below. Declarants are the Owners of 65 lots situated within the Properties, comprising in excess of 51% of the Lots within the Properties. Accordingly, in accordance with the provisions of Section 9.3(b) of the Declaration, Declarants are authorized to make this Amendment.

NOW, THEREFORE, Declarants hereby amend the Declaration as follows:

1. The definition of "Common Maintenance" is hereby amended to read as follows:

"Common Maintenance" shall mean and refer to normal and routine maintenance of Common Maintenance Areas as determined from time to time by the Board, including but not limited to: (i) mowing and edging Common Maintenance Areas, (ii) trimming Common Maintenance Areas

with weed eaters, (iii) fertilizing, trimming shrubbery, turning flower beds and applying insect control chemicals to Common Maintenance Areas, (iv) maintaining and operating irrigation systems, including paying utility charges related thereto, and (v) replacing shrubbery and trees damaged from time to time, but only to the extent the replacement thereof is approved by the Board. Common Maintenance shall not, in any event, include the trimming of trees, planting shrubbery, grass, trees or other landscaping (except as permitted above), installing irrigation systems, or any other maintenance or service determined by the Board to be not within normal and routine maintenance of Common Maintenance Areas."

2. Section 2.2 of the Declaration is hereby amended by revising the last paragraph thereof, being the definition of "Class B Members," to read as follows:

"CLASS B. The Class B Member(s) shall be the Declarant. Until the first to occur of (i) December 31, 1997, or (ii) such time as all Lots held by the Class B Member(s) have been sold and conveyed, all votes of the Association shall be cast solely by the Class B Members, to the exclusion of the Class A Members. On the first to occur of December 31, 1997 or when all Lots held by Class B Members have been sold and conveyed, then the Class B membership of the Association shall terminate and all votes shall thereafter be cast solely by Class A Members."

3. Section 2.3 of the Declaration is hereby amended to read as follows:

"2.3 Additions to the Properties. Additional tracts of land, together with the improvements situated thereon, may become subject to this Declaration and added to the Properties in the following manner. If either Declarant is the owner of any property which it desires to add to the concept of this Declaration, it may do so at any time on or before December 31, 1997 (but not thereafter) by filing of record a Supplementary Declaration of Covenants and Restrictions which shall extend the concept of the covenants, conditions and restrictions of this Declaration to such property; provided, however, that such Supplementary Declaration may contain such complimentary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the concept of this Declaration."

4. The last sentence of Section 3.1 is hereby amended to read as follows:

"Notwithstanding the foregoing, however, in no event shall either Declarant or any Lot or other portion of the Properties owned by either Declarant at any time be subject to or liable for any Assessment, claim,

lien or other obligation due to or of the Association; provided, that at such time as each Lot owned by either Declarant has been improved with a single family residence with respect to which the Town of Addison, Texas has issued a Certificate of Occupancy, then such Lot shall from and after that time be subject to Assessments in accordance with the provisions hereof."

5. Subparagraph (b) of Section 3.11 is hereby amended to read as follows:

"(b) All Lots owned by either Declarant, provided that at such time as each such Lot is improved with a completed residence and a Certificate of Occupancy has been issued for such residence by the Town of Addison, Texas, then such Lot shall thereafter be subject to the Assessments, charge and lien created herein."

As amended hereby, the Declaration shall continue in full force and effect in accordance with its terms.

EXECUTED as of the day and year first above written.

DECLARANTS:

GRAND HOMES, INC.,
a Texas corporation

By: 

Stephen H. Brooks, President

BELTWAY-LES LACS, LTD.,
a Texas limited partnership

By: _____

Bruce French, President

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 20th day of December, 1993, by Stephen H. Brooks, President of GRAND HOMES, INC., a Texas corporation, on behalf of such corporation.



Janet Bishop
Notary Public in and for
the State of Texas

My Commission Expires:

Printed Name

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the ____ day of December, 1993, by Bruce French, President of BELTWAY-LES LACS, LTD., a Texas limited partnership, on behalf of such partnership.

Notary Public in and for
the State of Texas

My Commission Expires:

Printed Name

DECLARATION OUTLINE

SUBDIVISION: GRAND ADDISON II

LEGAL NAME:

ARTICLE I DEFINITIONS Page 2

ACC
Assessments
Association
Board
Common Maintenance
Common Maintenance Areas
Declarants
 Dwelling Unit
Eligible Insurers

Eligible Mortgagees Page 3
Front Yard
Lot
Maintenance Fund
Member
Owner
Properties
Resident
Subdivision

ARTICLE II MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION; ADDITIONS TO THE PROPERTIES

2.1 Membership
2.2 Classes of Membership Page 4
A. Class A
B. Class B
2.3 Additions to the Properties

ARTICLE III COVENANT FOR MAINTENANCE ASSESSMENTS

3.1 Creation of the Lien and Personal Obligation for Assessment
3.2 Purpose of Assessments Page 5
3.3 Maintenance of the Common Maintenance Areas by Declarant
3.4 Basis and Amount of Assessments Page 6
3.5 Special Assessments for Capital Items
3.6 Uniform Rate of Assessment
3.7 Date of commencement of Assessment: Due Date
3.8 Duties of the Board with Respect to Assessments Page 7
3.9 Effect of Non-Payment of Assessment: The Personal Obligation of the Owner, the Lien, Remedies of Association
3.10 Subordination of the Lien to Mortgages Page 8

3.11	Exempt Property	Page 9
ARTICLE IV GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS OF THE ASSOCIATION		
4.1	Powers and Duties	
4.2	Board Powers, Exclusive	Page 11
ARTICLE V EASEMENTS		
5.1	Easement Reserved for the Association	
5.2	Easements and Rights Reserved by Each Declarant	
5.3	Rights Reserved to Municipal Authorities and Utility Companies	Page 12
ARTICLE VI RIGHTS OF CERTAIN MORTGAGEES AND MORTGAGE INSURERS		
6.1	Notices of Action	
6.2	Joinder to Documents	Page 13
6.3	Special FHLMC Provision	Page 14
6.4	Approval of Amendments	Page 15
6.5	Inspection of Books	
6.6	Financial Statements	
6.7	Enforcement	
6.8	Attendance at Meetings	
ARTICLE VII PROTECTIVE COVENANTS		
7.1	Residential Purpose Only	
7.2	Rubbish, Etc.	Page 16
7.3	Animals	
7.4	Development Activity	
7.5	Signs and Picketing	
	a. For Sale Signs	
	b. Declarant's Signs	
	c. Political Signs	
7.6	Campers, Trucks, Boats and Recreational Vehicles	
7.7	Commercial or Institutional Use	Page 17
7.8	Building Standards	
7.9	Detached Buildings	
7.10	Fences	
7.11	Antennae, Satellite Dishes and Solar Collectors	
7.12	Chimneys	
7.13	Clothes Hanging Devices	
7.14	Window Treatment	
7.15	Lot Size	

7.16 Temporary Structures

ARTICLE VIII ARCHITECTURAL CONTROL

Page 18 ✓

ARTICLE IX GENERAL PROVISIONS

9.1 Power of Attorney

9.2 Duration

Page 19

9.3 Amendments

9.4 Enforcement

Page 20

9.5 Validity

9.6 Headings

9.7 Registration with the Association

Page 21

9.8 Notices to Resident/Member/Owner

9.9 Notices to Mortgagees

9.10 Disputes

9.11 Gas Service

Fines - See Second Amendment

RECEIVED
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GRAND HOMES

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DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

GRAND ADDISON II

THIS DECLARATION (this "Declaration"), made this 30th day of August, 1993, by GRAND HOMES, INC. ("Homes"), a Texas corporation, and BELTWAY-LES LACS, LTD. ("Beltway"), a Texas limited partnership (Homes and Beltway being sometimes collectively called "Declarants");

WITNESSETH:

Introductory Statement

A. Homes is the owner of a certain tract of land situated in the City of Addison, Dallas County, Texas, as more particularly described on Exhibit "A", attached hereto and made a part hereof, and Beltway is the owner of a certain tract of land situated in the City of Addison, Dallas County, Texas, as more particularly described on Exhibit "B", attached hereto and made a part hereof (such tracts of land being collectively called the "Properties").

B. Declarants desire to provide for the maintenance of front yards of residences constructed within the Properties and for the maintenance and preservation of certain other areas, as hereinafter provided.

C. Declarant has further deemed it advisable, for the efficient preservation of the values and amenities within the Properties, to impose covenants upon the Properties and to create a non-profit corporation to which would be delegated and assigned the powers of performing the maintenance herein provided, and collecting and disbursing the assessments and charges, as hereinafter provided.

D. Declarant has caused or will cause to be incorporated under the Non-Profit Corporation Act of the State of Texas (the "Act") a non-profit corporation, Grand Addison II Homeowners Association, Inc. (the "Association").

NOW, THEREFORE, Declarant declares that the Properties shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "Covenants") hereinafter set forth.

Declaration

ARTICLE I

DEFINITIONS

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

"ACC" means the Architectural Control Committee appointed by the Board in accordance with the provisions of Article VIII hereof.

"Assessments" shall mean and refer to the regular annual assessments, the special assessments and the default assessments provided in Section 3.1 hereof.

"Association" shall mean and refer to the Grand Addison II Homeowners Association, Inc., a Texas non-profit corporation.

"Board" shall mean the Board of Directors.

"Common Maintenance" shall mean and refer to normal and routine maintenance of Common Maintenance Areas as determined from time to time by the Board, including but not limited to: (i) mowing and edging Common Maintenance Areas, (ii) trimming Common Maintenance Areas with weed eaters, and (iii) fertilizing, trimming shrubbery, turning flower beds and applying insect control chemicals to Common Maintenance Areas. Common Maintenance shall not, in any event, include the trimming of trees, planting shrubbery, grass, trees or other landscaping, installing or maintaining irrigation systems, or any other maintenance or service determined by the Board to be not within normal and routine maintenance of Common Maintenance Areas.

"Common Maintenance Areas" shall mean and refer to (i) the Front Yards of the Lots, and (ii) those other areas within the Properties as the Board may elect to include within "Common Maintenance Areas" from time to time for maintenance by the Association.

"Declarants" shall mean and refer to Homes and Beltway, and their respective successors and assigns, and any assignee, other than an Owner, who shall receive by assignment from either of Homes or Beltway, all or a portion of its rights hereunder as such Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

"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.

"Eligible Insurers" is defined in Article VI below.

"Eligible Mortgagees" is defined in Article VI below.

"Front Yard" shall mean and refer to: (i) as to interior Lots, the front yard area of the residence between the street (on the one hand) and the dwelling exterior and fence (on the other hand) and (ii) as to corner Lots, the front yard area of the residence between the street (on the one hand) and the dwelling exterior and fence (on the other hand), and that portion of the side yard area exposed to the street, between the street (on the one hand) and the dwelling exterior and fence (on the other hand), but excluding patios, courtyards and fenced areas, unless otherwise defined by the Board.

"Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map of the Properties which is shown as a lot thereon and which is or is to be improved with a residential dwelling.

"Maintenance Fund" shall have the meaning given to it in Section 3.1 hereof.

"Member" shall mean and refer to each Owner as provided herein in Article II.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot but, notwithstanding any applicable theory of mortgages or other security devices, shall not mean or refer to any mortgagee or trustee under a mortgage or deed of trust unless and until such mortgagee or trustee has acquired title pursuant to foreclosure or any conveyance in lieu of foreclosure.

"Properties" shall have the meaning given to it in Paragraph A of the Introductory Statement above; together with additions thereto as may be made subject to the terms of this Declaration by a Supplemental Declaration of Covenants executed and filed by either Declarant in the Deed Records of Dallas County, Texas, from time to time.

"Resident" shall mean and refer to each person (not otherwise an Owner or Member) authorized by an Owner to reside within such Owner's Dwelling Unit.

"Subdivision" shall mean and refer to the residential community arising out of the development and improvement of the Properties with Dwelling Units and the use and occupancy of the Properties as a residential subdivision.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION; ADDITIONS TO THE PROPERTIES

2.1 Membership. Every Owner of a Lot shall automatically be a Member of the Association.

2.2 Classes of Membership. The Association shall have two classes of voting membership:

CLASS A. Class A Members shall be all members with the exception of Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. The Class B Member(s) shall be the Declarant. Until such time as all Lots held by the Class B Member(s) have been sold and conveyed, all votes of the Association shall be cast solely by the Class B Members, to the exclusion of the Class A Members. At such time as all Lots held by Class B Members have been sold and conveyed, then the Class B membership of the Association shall terminate and all votes shall thereafter be cast solely by Class A Members.

2.3 Additions to the Properties. Additional tracts of land, together with the improvements situated thereon, may become subject to this Declaration and added to the Properties in the following manner. If either Declarant is the owner of any property which it desires to add to the concept of this Declaration, it may do so by filing of record a Supplementary Declaration of Covenants and Restrictions which shall extend the concept of the covenants, conditions and restrictions of this Declaration to such property; provided, however, that such Supplementary Declaration may contain such complimentary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the concept of this Declaration.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

3.1 Creation of the Lien and Personal Obligation for Assessments. Each Owner of a Lot (by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance), for each Lot owned by any such Owner, hereby covenants and agrees and shall be deemed to covenant and agree to pay to the Association (or to a mortgage company or other collection agency designated by the Association): (a) annual assessments or charges, to be paid in installments as the Board of Directors of the Association may elect, (b) special assessments for unexpected capital expenditures (such as maintenance equipment) and/or unanticipated expenses, such assessments to be fixed, established and collected from time to time as hereinafter provided, and (c) default assessments which may be assessed against an Owner's Lot by the Association at any time and from time to time to reimburse the Association for costs and expenses incurred on behalf of such owner by the Association in accordance with this Declaration. The Monthly Payment Dates with respect to each Lot shall commence upon the date on which title to such Lot has been conveyed to a purchaser of a completed Dwelling Unit.

The regular annual assessments collected by the Association shall constitute the "Maintenance Fund" of the Association. The regular annual, special and default assessments, together with such interest thereon and costs of collection thereof as hereinafter provided (collectively "Assessments"), shall be a charge on the land and shall be a continuing lien upon each Lot against which each such Assessment is made. Each such Assessment, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall also be the continuing personal obligation of the person who was the Owner of such Lot at the time when the Assessment became due. Notwithstanding the foregoing, however, in no event shall either Declarant or any Lot or other portion of the Properties owned by either Declarant at any time be subject to or liable for any Assessment, claim, lien or other obligation due to or of the Association.

3.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Properties, and in particular for the payment of all costs and expenses related to Common Maintenance, including without limitation services, equipment and facilities devoted to this purpose, including, but not limited to, the payment of all costs and expenses incurred for carrying out the duties of the Board as set forth in Article IV hereafter and for carrying out the purposes of the Association as stated in its Articles of Incorporation.

3.3 Maintenance of the Common Maintenance Areas by Declarant.

(a) Until such time as Declarant has sold and conveyed all of the Lots to third party purchasers, Declarant shall have the right (but not the obligation), at its election and in its sole discretion, to assume the exclusive responsibility from time to time of maintaining the Common Maintenance Areas, including, but not limited to, paying the costs of labor, equipment (including the expense of leasing any equipment) and materials required for the maintenance of the Common Maintenance Areas. In this regard, and during such period, all Assessments, both regular and special, collected by the Association shall be forthwith paid by the Association to Declarant, to the extent that such Assessments are required by Declarant to maintain the Common Maintenance Areas as set forth in this paragraph. The Association shall rely upon a certificate executed and delivered by Declarant with respect to the amount required by Declarant to maintain the Common Maintenance Areas and conduct Common Maintenance hereunder.

(b) All Common Maintenance Areas situated within the Property shall be maintained by the Association with sums provided by Assessments, and such maintenance shall include and be limited to the items included within the defined term Common Maintenance herein. Each Owner shall be obligated to immediately advise the Board from time to time in writing of any adverse condition or problem affecting or relating to the Common Maintenance conducted for such Owner as a condition precedent to any obligation of the Association to correct such adverse condition or problem. In the event that the Board shall at any time determine, in its sole discretion, that the correction of any adverse condition or problem relating to any Common Maintenance Area involves maintenance that is not includable within the defined term Common Maintenance, then the costs of such maintenance and correction, if requested by such Owner and carried out by the Board, shall be charged to such Owner by the Board and shall be paid by such

Grand Addison

Owner within fifteen (15) days after receipt of request therefor from the Board. Under no circumstance shall any member of the Board or any officer or agent of the Association be liable to any Owner for any action or inaction of the Board with respect to any Common Maintenance, and each Owner hereby releases and relinquishes forever any claims, demands or actions which such Owner may at any time have or be deemed to have against the Board, any member of the Board or the Association with regard to Common Maintenance, whether arising out of the alleged negligence, misfeasance, malfeasance (but not gross negligence or willful misconduct) of any agent of the Association, any officer of the Association or any member of the Board.

3.4 Basis and Amount of Assessments.

(a) Until the year beginning January 1, 1995, the annual Assessment shall be Four Hundred Eighty and No/100 Dollars (\$480.00) per Lot.

(b) Commencing with the year beginning January 1, 1995, and each year thereafter, the Board of Directors, at its annual meeting next preceding such January 1, 1995, and each January 1 thereafter, shall set the amount of the annual Assessment for the following year for each Lot, taking into consideration the current maintenance costs and the future needs of the Association; provided, that from and after January 1, 1996, in no event shall the annual Assessment for each Lot which is subject to being assessed for any year exceed the annual Assessment levied by the Board for the immediately preceding year by more than ten (10%) percent except only in the case of unusual or extraordinary costs and expenses to be paid by the Association as determined from time to time by the Board.

3.5 Special Assessments for Capital Items. In addition to the annual Assessments authorized by Section 3.4 above, the Association may levy in any Assessment year a special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, any unanticipated cost or expense related to the Common Maintenance or for the cost of acquiring or replacing any capital item, including the necessary maintenance equipment and personal property related to the Common Maintenance; PROVIDED THAT any such Assessment for capital improvements shall have the assent of the Members entitled to cast two-thirds (2/3) of the votes of the members of the Association entitled to vote who either (i) are voting in person or by proxy at a meeting duly called for this purpose, as provided in Section 2.2, or (ii) execute a written consent in lieu of a meeting for such purpose.

3.6 Uniform Rate of Assessment. Both regular and special Assessments shall be fixed at a uniform rate for all Lots; provided, that no Lot shall be subject to any Assessment until the date upon which such Lot has been conveyed by either Declarant to a third-party purchaser.

3.7 Date of Commencement of Assessments; Due Date.

(a) The initial Assessment provided for in Section 3.4 above shall commence on the date fixed by the Board to be the date of commencement, and shall be paid in advance, on the first day of each period designated by the Board thereafter; provided, however, that if the date

of commencement falls on other than the first day of a quarter, the Assessment for such quarter shall be prorated by the number of days remaining in the quarter.

(b) The due date or dates, if it is to be paid in installments, of any special Assessment under Section 3.5 above shall be fixed in the resolution authorizing such Assessment.

3.8 Duties of the Board with Respect to Assessments.

(a) The Board shall fix the date of commencement and the amount of the Assessment against each Lot for each Assessment period at least thirty (30) 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 and shall be open to inspection by any Owner.

(b) Written notice of the Assessment shall thereupon be delivered or mailed to every Owner subject thereto.

(c) The Board shall upon demand at any time furnish to any Owner liable for each Assessment a certificate in writing signed by an officer of the Association, setting forth whether such Assessment has been paid. Each 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.

3.9 Effect of Non-Payment of Assessment: The Personal Obligation of the Owner, the Lien, Remedies of Association.

(a) If any Assessment or any part thereof is not paid on the date(s) when due (being the dates specified by the Board pursuant to Section 3.7 above), then the unpaid amount of such Assessment shall become delinquent and shall, together with such interest thereon and the costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot of the non-paying Owner which shall bind such Lot in the hands of the then Owner, his heirs, executors, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such Assessment, however, shall remain his personal obligation and shall not pass to his 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 the Assessments provided herein by non-use of the Common Maintenance Areas or abandonment of his Lot.

*interest
or
collection
costs*

(b) In furtherance of the Lien provided in Section 3.9(a) above, and to secure the full and timely payment of all Assessments and other amounts payable by each Owner hereunder, each Owner does hereby grant and convey unto Declarant, in trust as Trustee (the "Trustee"), the Lot owned by such Owner, subject to all easements and other encumbrances affecting such Lot; provided, that each such grant shall be subordinated to the lien of any mortgage or deed of trust only to the extent provided in Section 3.10 below; and for these purposes the provisions of this paragraph shall be deemed to have created a deed of trust (the "Deed of Trust") covering

all of the Lots with a power of sale granted to the Trustee in accordance with the provisions of Chapter 51 of the Texas Property Code (the "Code") and as it may be amended from time to time. The Deed of Trust created hereby shall be upon the same terms and conditions, and shall provide to the Association all of the rights, benefits and privileges, of the Deed of Trust promulgated by the State Bar of Texas for use by lawyers designated as Form No. 2402, and all amendments, modifications and substitutions thereof, which form is hereby incorporated by reference for all purposes hereof. The Association, acting through its president, shall have the right in its sole discretion at any time, and from time to time, to appoint in writing a substitute or successor trustee who shall succeed to all rights and responsibilities of the then acting Trustee.

(c) Without limitation of the remedies available to the Association and to the other owners upon the occurrence of a default by any Owner in the payment of any Assessment or other amount due and payable hereunder, the Association may, at its election and by and through the Trustee, sell or offer for sale the Lot owned by the defaulting Owner to the highest bidder for cash at public auction in accordance with the provisions of the Code. The Association may, at its option, accomplish such foreclosure sale in such manner as permitted or required by the Code or by any other present or subsequent laws relating to the same. After the sale of any Lot in accordance with the provisions of this paragraph, the Owner of such Lot shall be divested of any and all interests and claims thereto, and the proceeds of any such sale shall be applied in the following order of priority: (i) to the payment of the costs and expenses of taking possession of the Lot, (ii) to the payment of reasonable Trustee's fees, (iii) to the payment of costs of advertisement and sale, (iv) to the payment of all unpaid Assessments and other amounts payable by such Owner to the Association hereunder, and (v) to the defaulting Owner or to any other party entitled thereto. The Association shall have the right to become the Purchaser at the sale of any Lot hereunder and shall have the right to be credited on the amount of its bid therefor all of the Assessments due and owing by the defaulting Owner to the Association as of the date of such sale.

(d) If any Assessment or part thereof is not paid within thirty (30) days after the delinquency date, the unpaid amount of such Assessment shall bear interest from the date of delinquency at the maximum legal rate of interest, and the Association may, at its election, bring an action at law against the Owner personally obligated to pay the same in order to enforce payment and/or to foreclose the lien against the property subject thereto, and there shall be added to the amount of such Assessment the costs of preparing and filing the complaint (including reasonable attorneys' fees) in such action, and in the event a judgment is obtained such judgment shall include interest on the Assessment as above provided and a reasonable attorneys' fee to be fixed by the court, together with the costs of the action. In addition to interest on delinquent amounts as set forth above, each Delinquent Owner shall be obligated to pay a late charge with respect to any Assessment which is not paid within thirty (30) days after the date due as determined from time to time by the Board.

interest

late charge

3.10 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 by applicable law made superior to the Association's lien; 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 (i) 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; and (ii) the permitted lien on the Lot alone. 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.

3.11 Exempt Property. The following property subject to this Declaration shall be exempted from the Assessments, charge and lien created herein.

(a) All properties dedicated and accepted by a local public authority and devoted to public use.

(b) All Lots owned by either Declarant.

ARTICLE IV

GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS OF THE ASSOCIATION

4.1 Powers and Duties.

(a) The Board, for the benefit of the Properties and the Owners, shall provide, and shall pay for out of the Maintenance Fund provided for in Section 3.1 above, the following:

(i) Care, preservation and maintenance of the Common Maintenance Areas, including without limitation Common Maintenance and the purchase and upkeep of any

desired personal property used in connection with the maintenance of the Common Maintenance Areas.

(ii) The services of a person or firm 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.

(iii) Legal and accounting services.

(iv) If deemed appropriate by the Board, a policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants), incident to the operation of the Association, in an amount not less than \$100,000 to indemnify against the claim of one person, \$300,000 against the claims of two or more persons in any one occurrence, and property damage insurance in an amount not less than \$100,000 per occurrence; which policy or policies shall contain an endorsement providing that the rights of the named insureds shall not be prejudiced with respect to actions against other named insureds.

(v) Workmen's compensation insurance to the extent necessary to comply with any applicable laws.

(vi) Such fidelity bonds as the Board may determine to be advisable.

(vii) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, taxes or Assessments (including taxes or Assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of this Declaration.

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

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

(ii) To enter into contracts, maintain one or more bank accounts (granting authority as the Board shall desire to one or more persons to sign checks), and, generally, to have all the powers necessary or incidental to the operation and manage of the Association.

(iii) To provide adequate reserve for maintenance and repairs.

(iv) To make reasonable rules and regulations for the maintenance and protection of the Common Maintenance, and to amend them from time to time, provided that any rule or regulation may be amended or repealed by an instrument in writing signed by a majority of the Members.

12/2/00
1/4
Reg: 1/2/00

(v) To make available to each Owner upon written request within sixty days after the end of each year an annual report and, upon the written request of one-tenth of the members, to have such report audited by an independent certified public accountant, which audited report shall be made available to each Member within thirty days after completion.

(vi) 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 Members in proportionate amounts to cover the deficiency.

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

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

ARTICLE V

EASEMENTS

5.1 Easement Reserved for the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon each Lot and the Properties for the carrying out by the Association of its rights, functions, duties and obligations hereunder; provided, that any such entry by the Association upon any Lot shall be made with as minimum inconvenience to the Owner as practical, and any damage caused thereby shall be repaired by the Association at the expense of the Maintenance Fund.

5.2 Easements and Rights Reserved by Each Declarant. Each Declarant hereby reserves for itself, its successors and assigns, the right to: (i) dedicate streets, walks and alleys throughout the Subdivision, and (ii) reserve or grant easements of ingress and egress and for the installation, construction, maintenance, repair and replacement of utilities and related facilities, which shall include, but not be limited to, sewer (sanitary and storm), gas, electric, telephone and water lines, upon, over, under, and across the Properties, as it in its sole discretion deems proper or appropriate. Further, each Declarant hereby reserves temporary construction easements for the construction, repair, removal, maintenance and reconstruction of improvements within the Properties, including the right to remove, on a temporary basis, fences,

driveways, sprinkler systems, landscaping and other improvements as shall be reasonably necessary to enable such Declarant to complete the development and improvement of the Properties; provided, that any such improvements removed by any Declarant shall be replaced and/or restored, upon completion of the construction activities, to substantially their former condition. All claims for damages, if any, arising out of any such construction or other activities by either Declarant are hereby waived by each Owner and the Association.

5.3 Rights Reserved to Municipal Authorities and Utility Companies. Full rights of ingress and egress shall be had by Declarant, any municipal authority having jurisdiction over the Properties, and any utility company which provides utilities to the Properties, at all times over any dedicated easement for the installation, operation, maintenance, repair or removal of any utility, together with the right to remove any obstruction 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. All claims for damages, if any, arising out of the construction, maintenance and repair of utilities or on account of temporary or other inconvenience caused thereby against the Declarant, or any utility company or municipality, or any of its agents or servants are hereby waived by each Owner and the Association. Declarant further reserves the right to alter, redesign or discontinue any street, avenue or way shown on the subdivision plat not necessary for ingress or egress to and from an Owner's Lot, subject to the approval of the Town of Addison, if required.

ARTICLE VI

RIGHTS OF CERTAIN MORTGAGEES AND MORTGAGE INSURERS

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, FMLMC and other similar governmental, quasi-governmental 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 Mortgages"); 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 VI 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, the Articles of Incorporation and By-Laws, but in the event of ambiguity or conflict, this Article shall control.

6.1 Notices of Action. An Eligible Mortgagee or Eligible Insurer who provides 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 Properties 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 owed by an Owner of a Dwelling Unit subject to the Eligible Mortgage of such Eligible Mortgagee or 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 Mortgagees as required hereinbelow.

6.2 Joinder to Documents. (a) Eligible Mortgagees who have requested the Association to notify them concerning any proposed action that requires the consent of a specified percentage of Eligible Mortgagees also have the right to join in the decision making about certain amendments to this Declaration. Amendments of a material nature (as defined below) shall be agreed to by: (i) at least sixty-seven percent (67%) of the Dwelling Unit Owners; and (ii) the Declarant or the Board of Directors of the Association, and (iii) Eligible Mortgagees representing at least fifty-one percent (51%) of the Dwelling Units that are subject to Eligible Mortgages. A substantive change to any of the following shall 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;
- insurance or fidelity bonds;
- imposition of any restrictions on a Dwelling Unit Owner's right to sell or transfer his or her Dwelling Unit;

- any action to terminate the legal status of the Properties 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 construed as being "material."

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

6.3 Special FHLMC Provision. (a) 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 shall be material and adverse, the Association shall not:

(i) 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);

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

(iii) by act or omission charge, waive or abandon any scheme of regulations or enforcement thereof pertaining to the exterior appearance and maintenance of Dwelling Units and of any common properties owned by the Association;

(iv) assign any future income of the Association, including its right to receive Assessments;

(v) fail to maintain fire and extended coverage insurance on assets owned by the Association, if required by this Declaration; or

(vi) 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 6.3 shall not be construed to reduce the percentage vote that shall be obtained from Eligible Mortgagees or Owners when a larger percentage vote is otherwise required for any of the actions described in this Section.

(b) Eligible Mortgagees may, jointly or singularly, pay taxes or other charges which are in default and which may or have become a charge against the Common Areas (if any) and may pay overdue premiums on casualty insurance policies, or secure new casualty insurance coverage upon the lapse of a policy, for any common properties owned by the Association, and Eligible Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

6.4 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 an implied written approval of the addition or amendment.

6.5 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.

6.6 Financial Statements. The Association shall provide any eligible Mortgagee or eligible Insurer which submits a written request with a copy of an annual financial statement within ninety (90) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant, at the expense of the Association, if any Eligible Mortgagee or Eligible Insurer submits a written request for it.

6.7 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.

6.8 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.

ARTICLE VII

PROTECTIVE COVENANTS

7.1 Residential Purpose Only. Each Lot and Dwelling Unit shall be used exclusively for single-family residential purposes only. No building or structure intended for or adapted to business purposes, and no apartment house, double house, lodging house, rooming house, hospital, sanatorium or doctor's office, or other multiple-family dwelling shall be erected, placed, permitted or maintained on any Lot, or on any part thereof. No improvement or structure whatever, other than a first-class private Dwelling Unit, patio walls, swimming pool, and customary outbuildings, garage, servants' quarters or guest house may be erected, placed or maintained on any Lot. All parking spaces shall be used exclusively for the parking of passenger automobiles.

7.2 Rubbish, Etc. No Lot shall be used in whole or in part for the storage of rubbish or any character whatsoever, nor for the storage of any property or thing that will cause such Lot to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any Lot that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding property. No weeds, underbrush or other unsightly growths shall be permitted to grow or remain upon the Lot, and no refuse pile or unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon.

7.3 Animals. No animals, livestock, or poultry shall be raised, bred or kept in any portion of the Properties except that dogs, cats or other household pets may be kept, but not for any commercial purposes, provided that they do not create a nuisance.

7.4 Development Activity. Notwithstanding any other provision herein, Declarant and its successors and assigns shall be entitled to conduct on the Properties all activities normally associated with and convenient to the development of the Properties and the construction and sale of Dwelling Units on the Properties.

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

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

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

(c) Political Signs. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal, provided that such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and shall be removed within fifteen (15) days after such election.

7.6 Campers, Trucks, Boats and Recreational Vehicles. No campers, commercial vans, commercial pickup trucks, boats, boat trailers, recreational vehicles and other types of non-passenger vehicles, equipment, implements or accessories may be kept on any Lot unless the same are fully enclosed within the garage located on such Lot and/or said vehicles and accessories are screened from view by a screening structure or fencing approved by the ACC (as provided in Article VIII hereof), and such vehicles and accessories are in an operable condition. The ACC, as designated in this Declaration, shall have the absolute authority to determine from time to time whether a vehicle and/or accessory is operable and adequately screened from public view. Upon an adverse determination by said ACC, the vehicle and/or accessory shall be removed and/or otherwise brought into compliance with this paragraph.

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

7.8 Building Standards. No building shall be erected or maintained on any Lot unless it complies with all applicable governmental requirements, including any applicable building codes and ordinances.

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

7.10 Fences. No fence, wall or hedge shall be erected or maintained on any Lot nearer to the street than the building setback lines for the front and side yards without prior consent of the ACC. The foregoing restriction shall not be applicable to the construction or erection of any fence, wall or hedge on any Lot by either Declarant.

7.11 Antennae, Satellite Dishes and Solar Collectors. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Lot unless such apparatus is erected and maintained in such a way that it is screened from public view at a point in the center of the public street right-of-way directly in front of the house erected on such Lot; and no such apparatus shall be erected without the prior written consent of the ACC.

7.12 Chimneys. All fireplace flues, smoke stacks and spark arrestors shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the principal finish material of the exterior walls of the dwelling or otherwise approved by the ACC.

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

7.14 Window Treatment. No aluminum foil, reflective film, signs or similar treatment shall be placed on windows or glass doors.

7.15 Lot Size. No residential structure shall be erected or placed on any Lot which has a minimum lot width and size less than that shown on the recorded plat; provided, however, that either Declarant may revise the width and size of any Lot or Lots which it owns, and the restriction set forth in the preceding sentence shall thereupon not apply to any such revised Lot(s). Any such revision by either Declarant shall be set forth upon a supplement plat filed of record in accordance with the then-applicable city ordinances and zoning regulations of the Town of Addison, Texas.

7.16 Temporary Structures. No structure of a temporary character, mobile home, trailer, including boat trailer, basement, tent, shack, barn or other outbuilding, shall be used on any Lot at any time as a residence, either temporarily or permanently.

(fences must remain same)

ARTICLE VIII

ARCHITECTURAL CONTROL

Anything contained in the foregoing Article VII of this Declaration to the contrary notwithstanding, no erection of buildings or exterior additions or alterations to any building situated upon the Properties, nor erection of or changes to or additions in fences, hedges, walls and other structures, nor construction of any swimming pools or other improvements, shall be commenced, erected and maintained until (1) a preliminary sketch showing basic plan and general specifications of same shall have been submitted and approved by an Architectural Control Committee (herein called the "ACC") appointed by the Board, and (2) the final plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design, appearance, and location in relation to surrounding structures and topography by the ACC or by the Board; provided, however, that the provisions of this Article VIII shall not apply to buildings, structures, additions and alterations commenced, erected or maintained by either Declarant. A copy of the approved plans and drawings shall be furnished by each Owner to the ACC and retained by the ACC. In the event the ACC or the Board fails to approve or disapprove such design and location within thirty (30) days after the said plans and specifications have been submitted to it, or, in the event, if no suit to enjoin the addition, alteration or changes has been commenced prior to the completion thereof, approval will not be required and this Article will be deemed to have been fully complied with. Neither the members of the ACC nor the Board shall be entitled to compensation for, or liable for damages, claims or causes of actions arising out of, services performed pursuant to this Article. The provisions of this Article VIII shall not be applicable to either Declarant or to the construction or erection of any improvements, additions, alterations, buildings or other structures by either Declarant upon any Lot.

ARTICLE IX

GENERAL PROVISIONS

9.1 Power of Attorney. Each and every Owner and Member hereby makes, constitutes and appoints each Declarant (without the necessity of the joinder of the other Declarant) as his/her true and lawful attorney-in-fact, coupled with an interest and irrevocable, for him/her and in his/her name, place and 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 and all instruments which modify, amend, change, enlarge, contract or abandon the terms within this Declaration, or any

part hereof, with 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 recordation of this Declaration in the Dallas County Clerk's Office and shall remain in full force and effect thereafter until all Lots owned by Declarant have been sold and conveyed by Declarant to Class A Members.

9.2 Duration. 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 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 recordation of this Declaration, after which time this Declaration shall be automatically extended for successive periods of ten (10) years unless an instrument is signed by the Owners of at least fifty-one percent (51%) of all Lots within the Properties and recorded in the Deed Records of Dallas County, Texas, which contains and sets forth an agreement to abolish this Declaration; provided, however, no such agreement [where approved by less than seventy-five percent (75%) of the Owners of all Lots within the Properties] to abolish shall be effective unless made and recorded one (1) year in advance of the effective date of such abolishment.

9.3 Amendments. This Declaration expressly subject to change, modification and/or deletion by means of amendment at any time and from time to time as provided herein. This Declaration may be amended and/or changed in part as follows:

(a) 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, Declarants shall have the complete and unrestricted right and privilege to amend, change, revise, modify or delete portions of this Declaration, and each and every Owner and Member specifically and affirmatively authorizes and empowers Declarants, utilizing the attorney-in-fact status set forth in Section 7.1 above, to undertake, complete and consummate any and all such amendments, changes, revisions, modifications or deletions as Declarants (in their sole and absolute discretion) shall deem reasonable and appropriate.

(b) Declarants may otherwise amend or change these Covenants by exercising their powers under Section 9.1 hereinabove or with the direct consent of at least fifty-one percent (51%) of the Owners of Lots within the Properties.

(c) At such time as Declarants no longer own any Lot within the Properties, this Declaration may be amended either by (i) the written consent of at least fifty-one percent (51%) of the Owners of Lots within the Properties, or (ii) the affirmative vote of the Members entitled to cast fifty-one percent (51%) of the votes of the Members of the Association entitled to vote who are present at a meeting duly called for such purpose.

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

9.4 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 shall be joint and several with their Resident(s), Member(s), guests and invitees. The lien created hereby on each Lot shall extend to, cover and secure the proper payment and performance by each and every Resident, Member, guest and invitee affiliated with each Owner. 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 this Declaration 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 this Declaration, 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. The Association and the City of Addison, Texas are each specifically authorized (but not obligated) to enforce this Declaration. 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.

9.5 Validity. Violation of or failure to comply with this Declaration 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 the provisions of this Declaration, 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. In the event any portion of this Declaration conflicts with mandatory provisions of any ordinance or regulation promulgated by the City of Addison (including, without limitation, the Zoning Ordinance), then such municipal requirement shall control.

9.6 Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration. Words of any gender used herein shall be held and construed to include any other gender, 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.

9.7 Registration with the Association. Each and 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 event 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 it 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.

9.8 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 (i) 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 (ii) delivered by hand or by messenger to the last known address of such person within the Properties; or when (iii) posted on the Association's bulletin board for at least thirty (30) consecutive calendar days.

9.9 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's/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 a reasonable supply of self-addressed, stamped envelopes.

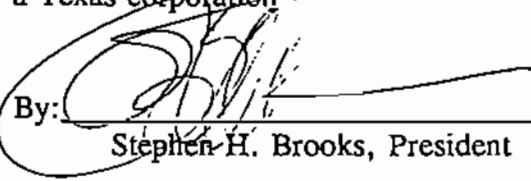
9.10 Disputes. Matters of dispute or disagreement between Owners, Residents or Members with respect to interpretation or application of the provisions of this Declaration or the Association Bylaws, shall be determined by the Board. These determinations (absent arbitrary and capricious conduct or gross negligence) shall be final and binding upon all Owners, Residents and Members.

9.11 Gas Service. The Subdivision has been piped for natural gas by Lone Star Gas Company on a condition and promise by the Declarant to Lone Star Gas Company that each residence in the Addition will be equipped with unsupplemented gas heating and gas water heating. The condition and promise may be enforced by Lone Star Gas Company, its successors or assigns, against Declarant, or its successors in interest, for a period of six (6) years from the date this restriction is recorded, but not thereafter. The Declarant, its successors and assigns may have individual lots released from this restrictive covenant upon the payment of \$493.55 per Lot to Lone Star Gas Company.

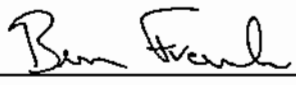
Witness the hand of an authorized representative of Declarant on the acknowledgment date noted below.

DECLARANTS:

GRAND HOMES, INC.,
a Texas corporation

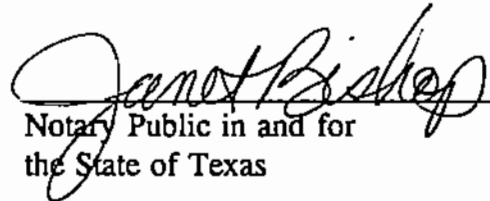
By: 
Stephen H. Brooks, President

BELTWAY-LES LACS, LTD.,
a Texas limited partnership

By: 
Bruce French, President

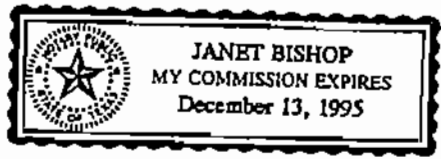
THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30th day of August, 1993, by Stephen H. Brooks, President of GRAND HOMES, INC., a Texas corporation, on behalf of such corporation.


Notary Public in and for
the State of Texas

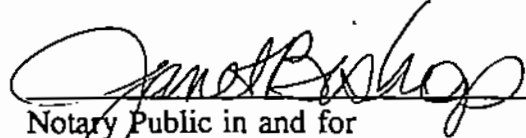
My Commission Expires:

Printed Name



THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 30th day of August, 1993, by Bruce French, President of BELTWAY-LES LACS, LTD., a Texas limited partnership, on behalf of such partnership.


Notary Public in and for
the State of Texas

My Commission Expires:

Printed Name



EXHIBIT A

Properties owned by Grand Homes, Inc.

The following Lots are located in the Town of Addison, Dallas County, State of Texas, and are more particularly described as GRAND ADDISON II by final plat designating Lots and Blocks, said plat being recorded in Volume 93063, Page 3374, Map Records, Dallas County, Texas as follows:

LOT	BLOCK
1	A
5	A
6	A
7	A
9	A
10	A
11	A
12	A
13	A
14	A
15	A
16	A
17	A
18	A
19	A
21	A
26	A
32	A
13	B
15	B
18	B
20	B
21	B
22	B
23	B
24	B
25	B
26	B
27	B
28	B

EXHIBIT B

Properties owned by Beltway-Les Lacs, Ltd.

The following Lots are located in the Town of Addison, Dallas County, State of Texas, and are more particularly described as GRAND ADDISON II by final plat designating Lots and Blocks, said plat being recorded in Volume 93063, Page 3374, Map Records, Dallas County, Texas as follows:

LOT	BLOCK	LOT	BLOCK
2	A	1	B
3	A	2	B
4	A	3	B
8	A	4	B
20	A	5	B
22	A	6	B
23	A	7	B
24	A	8	B
25	A	9	B
27	A	10	B
28	A	11	B
29	A	12	B
30	A	14	B
31	A	16	B
33	A	17	B
34	A	19	B
35	A	29	B
36	A		
37	A		
38	A		
39	A		
40	A		
41	A		
42	A		
43	A		
44	A		
45	A		
46	A		
47	A		