

CASTLEWOOD

By-Laws

FIRST AMENDMENT TO THE BY-LAWS
OF
CASTLEWOOD HOMEOWNERS' ASSOCIATION, INC.

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS
COUNTY OF DENTON §

This First Amendment to the By-Laws of Castlewood Homeowners' Association, Inc. is effective as of the 1st day of January, 2000 by the Balfour Village Estates, L.P., a Texas limited partnership, as the Declarant identified in the Declaration of Covenants, Conditions and Restrictions for Castlewood:

WITNESSETH:

WHEREAS, Article VIII, Section 8.1 of the By-Laws of Castlewood Homeowners' Association, Inc. (the "By-Laws") provides that the By-Laws may be amended by the Declarant unilaterally for any purpose so long as the Class "B" membership has not terminated; and

WHEREAS, the amendment to the By-Laws, as set forth hereinafter with specificity, was made by the Declarant as the Class "B" membership has not terminated.

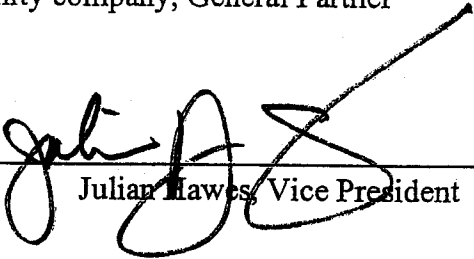
NOW, THEREFORE, the By-Laws of the Castlewood Homeowners' Association, Inc. are hereby amended as follows:

- (a) **Section 5.21 of Article V of the By-Laws is hereby deleted in its entirety.**

SIGNED to be effective as of the 1st day of January, 2000.

BALFOUR VILLAGE ESTATES, L.P.

By: BRE/Castlewood, L.L.C., a Delaware limited liability company, General Partner

By: 
Julian Hawes, Vice President

CERTIFICATION OF AMENDMENT TO BYLAWS

I, Julian Hawes Jr., the duly-elected President of Castlewood Homeowners' Association, Inc., hereby certify:

That this First Amendment to the By-Laws of the Castlewood Homeowners' Association, Inc. was made by the Declarant prior to the termination of the Class "B" membership and that the same does now constitute a portion of the By-Laws of the Castlewood Homeowners' Association, Inc.

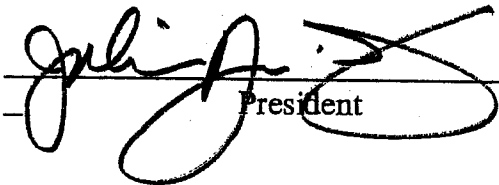

President

EXHIBIT "E"

BY-LAWS

OF

CASTLEWOOD HOMEOWNERS' ASSOCIATION, INC.
(A Texas Non-Profit Corporation)

ARTICLE I

NAME

1.1 **NAME.** The name of the organization shall be Castlewood Homeowners' Association, Inc., hereinafter called "Association".

1.2 **PRINCIPAL OFFICE.** The principal office of the Association shall be located at such suitable and convenient place as shall be permitted by law and designated by the Board of Directors.

1.3 **DEFINITIONS OF TERMS.** The terms used in these By-Laws, to the extent they are defined in the Declaration of Covenants, Conditions and Restrictions for Castlewood Addition (the "Declaration"), shall have the same definition as set forth in the Declaration, as the same may be amended from time to time, recorded in the office of the County Clerk of Denton County, Texas.

ARTICLE II

PURPOSE AND OWNER OBLIGATION

2.1 **PURPOSE.** The purpose for which this non-profit Association was formed is to be and constitute the homeowners' association referenced in the Declaration to provide for the governance and maintenance of the Castlewood subdivision situated in the City of Highland Village, County of Denton, State of Texas.

2.2 **OWNER OBLIGATION.** All present or future owners or any other person who might reside in the Property are subject to the regulations set forth in these By-Laws. The mere acquisition of any of the residential lots (the "Lots") comprising the Property or the mere act of occupancy of any residential dwellings (the "Dwellings") on the Lots will signify that these By-Laws are accepted, ratified and will be strictly followed.

ARTICLE III

DEFINITIONS AND TERMS

3.1 **MEMBERSHIP.** Any person on becoming an Owner of a Lot shall automatically become a Member of this Association and be subject to these By-Laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Lot. Such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association during the period of such ownership and membership in this Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Directors, if it so elects, may issue one (1) Membership Card per Lot to the Owner(s) of the Lot. Such Membership Card shall be surrendered to the Secretary whenever ownership of the Lot designated thereon is terminated.

3.2 VOTING RIGHTS.

(a) The Association shall have two classes of membership.

CLASS A: Class A Members shall be all Members other than the Declarant. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interest 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 (1) vote be cast with respect to any Lot.

CLASS B: The sole Class B Member shall be the Declarant. The Declarant, as the sole Class B Member, shall be entitled to three (3) votes for each Lot it owns. When any Class B Member transfers ownership of a Lot to any person or entity other than a class B Member, the Class B membership with respect to such Lot shall terminate. The Class B membership, as a whole, shall cease and shall be converted to Class A membership upon expiration of the Class "B" Control Period as provided in Section 5.2.

(b) Except as otherwise specifically set forth elsewhere in these By-Laws or the Declaration, any action requiring the approval of the Members shall require the assent of a majority of the Members in attendance in person or by proxy at a duly called meeting at which a quorum is present. Alternatively, any action may be taken with the written assent of more than fifty percent (50%) of the outstanding votes of each class of Members.

3.3 **MAJORITY OF UNIT OWNERS.** As used in these By-Laws, the term "majority of Members" shall mean those Members with more than fifty percent (50%) of the votes entitled to be cast in each class.

3.4 **QUORUM.** Except as otherwise provided in these By-Laws, the presence in person or by proxy of Members entitled to cast ten percent (10%) of the votes of each class of Members shall constitute a quorum.

3.5 **PROXIES.** Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

3.6 **SUSPENSION OF VOTING RIGHTS.** The voting rights of any Member may be suspended by the Board of Directors for any period during which any assessment remains past due, unless the Member is in good faith contesting the validity or amount of the assessment.

ARTICLE IV

ADMINISTRATION

4.1 **ASSOCIATION RESPONSIBILITIES.** The affairs of the Association shall be conducted by its Board of Directors.

4.2 **PLACE OF MEETINGS.** All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Board of Directors and designated in the notices of such meetings.

4.3 **ANNUAL MEETINGS.** Annual meetings shall be held on the 10th day of December of each year, unless such day is a legal holiday, in which case such meeting shall be held at the specified time on the first business day thereafter which is not a legal holiday. The first (1st) annual meeting shall be called by the Board of Directors after the expiration of the Class "B" Control Period, as set forth in Section 5.2.

4.4 **SPECIAL MEETINGS.** It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by at least ten percent (10%) of the Members and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

4.5 **NOTICE OF MEETINGS.** The Secretary shall mail notices of annual and special meetings to each Member of the Association, directed to the Member's last known post office address, as shown on the records of the Association, by regular mail, postage prepaid. Such notice shall be mailed not less than ten (10) days nor more than sixty (60) days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing notice as herein provided, such notice may be delivered by hand or left at his

residence in his absence. If requested in writing as provided in the Declaration, any Mortgagee of record or its designee may be entitled to receive similar notice.

4.6 **WAIVER OF NOTICE.** Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at any meeting by a Member or alternate shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

4.7 **ADJOURNED MEETING.** If any meeting of Members cannot be organized because a quorum has not attended, a majority of the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is attained. At any such reconvened meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without additional notice. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

4.8 **CONDUCT OF MEETINGS.** The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. Such records shall be kept by the Association for at least seven years.

ARTICLE V

BOARD OF DIRECTORS

5.1 **NUMBER AND QUALIFICATION.** The affairs of this Association shall be governed by a Board of Directors composed initially of three (3) persons. At any annual meeting of Members, the Members may elect to increase the number of members of the Board of Directors to not more than five (5) directors. Except with respect to Directors appointed by the Class "B" Member, the Directors shall be Members or spouses of Members; provided, however, no individual and his or her spouse may serve on the Board of Directors at the same time. In the case of a Member which is not a natural person, the individual designated in writing to the Secretary of the Association as the representative of such Member shall be eligible to serve as a Director.

5.2 **DIRECTORS DURING CLASS "B" CONTROL PERIOD.** Subject to the provisions of Section 5.5, the Directors shall be selected by the Class "B" Member acting in its sole

discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

- (a) when 75% of the Units permitted by the Master Plan for the property described on Exhibits "A" and "B" of the Declaration have certificates of occupancy issued thereon and have been conveyed to Persons other than the Declarant or Builders;
- (b) December 31, 2016; or
- (c) when, in its discretion, the Class "B" Member so determines.

5.3. RIGHT TO DISAPPROVE ACTIONS.

(a) So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove any action, policy or program of the Association, the Board of Directors and any committee, which in the judgment of the Class "B" Member would tend to impair rights to the Declarant or Builders under the Declaration or these By-Laws, or interfere with development, construction of any portion of the Properties or diminish the level of services being provided by the Association.

(b) No such action, policy or program shall become effective or be implemented until and unless:

(i) The Class "B" Member shall receive written notice of all meetings and proposed actions approved at meetings of the Association, the Board of Directors or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time. Any such notice shall comply with Sections 5.14, 5.15, 5.16 and 5.19 and such notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(ii) The Class "B" Member shall have been given the opportunity at any such meeting to join in or to have its representatives or agents join in the discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein. The Class "B" Member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the appropriate committee. The Class "B" Member shall have and is hereby granted a right to disapprove any such action, policy, or program authorized by the Association, the Board or any committee thereof, if Board, committee, or Association approval is necessary for such action. This right may be exercised by the Class "B" Member, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of any committee, or the

Board or the Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

5.4. **NOMINATION OF DIRECTORS.** Except with respect to Directors selected by the Class "B" Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

5.5 **ELECTION AND TERM OF OFFICE.** Notwithstanding any other provision contained herein:

(a) Within ninety (90) days after the time that Class "A" Members other than Builders own sixty percent (60%) of the Units proposed by the Master Plan for the property described in Exhibits "A" and "B" of the Declaration, or whenever the Class "B" Member earlier determines, the Association shall call a special meeting at which Members representing the Class "A" Members shall be entitled to elect one (1) of the three (3) Directors. The remaining two (2) Directors shall be appointees of the Class "B" Member. The Director elected by the Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two (2) years or until the happening of the event described in subsection (b) below, whichever is shorter. If such Director's term expires prior to the happening of the event described in subsection (b) below, a successor shall be elected for a like term.

(b) Within ninety (90) days after the time that Class "A" Members other than Builders own seventy-five percent (75%) of the Units proposed by the Master Plan for the property described in Exhibits "A" and "B" of the Declaration, or whenever the Class "B" Member earlier determines, the Board shall be increased to five (5) directors. The Association shall call a special meeting at which Members representing the Class "A" Members shall be entitled to elect two (2) of the five (5) Directors. The remaining three (3) Directors shall be appointees of the Class "B" Member. The Directors elected by the Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two (2) years or until the happening of the event described in subsection (c) below, whichever is shorter. If such Directors' terms expire prior to the happening of the event described in subsection (c) below, successors shall be elected for a like term.

(c) Within ninety (90) days after termination of the Class "B" Control Period, the Association shall call a special meeting at which Members representing the Class "A" Members shall

be entitled to elect three (3) of the five (5) Directors. The remaining two (2) Directors shall be appointees of the Class "B" Member. The Directors elected by the Members shall not be subject to removal by the Class "B" Member and shall serve until the first annual meeting following the termination of the Class "B" Control Period. If such annual meeting occurs within ninety (90) days after termination of the Class "B" Control Period, this subsection shall not apply and Directors shall be elected in accordance with subsection (d) below.

(d) At the first annual meeting of the membership after the termination of the Class "B" Control Period, the Directors shall be selected as follows: five (5) Directors shall be elected by the Members representing Class "A" and Class "B" Members. Three (3) Directors shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of one (1) year, as such Directors determine among themselves. At the expiration of the initial term of office of each member of the Board of Directors and at each annual meeting thereafter, a successor shall be elected to serve for a term of two (2) years. Each Voting Member may cast the total number of votes to which it is entitled under Section 3.4(b) of the Declaration with respect to each vacancy to be filled. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The Directors elected by the Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

5.6 REMOVAL OF DIRECTORS AND VACANCIES.

(a) Any Director elected by the Members may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such Director. Any Director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a Director, a successor shall then and there be elected by the Members entitled to elect the Director so removed to fill the vacancy for the remainder of the term of such Director. Any Director elected by the Members who has three consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association for more than thirty (30) days may be removed by a majority of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

(b) In the event of the death, disability, or resignation of a Director, a vacancy may be declared by the Board, and it may appoint a successor, provided, upon written petition of the Class "B" Member or Class "A" Members entitled to cast at least ten percent (10%) of the total Class "A" votes in the Association, the Board shall call a special meeting for the purpose of electing a successor to fill any vacancies on the Board. In such case, only the Members entitled to elect the director who vacated the position shall be entitled to vote for a successor.

5.7 POWERS.

(a) The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's

affairs and, as provided by law, may do or cause to be done all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Members or the membership generally. The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

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

(i) preparation and adoption, in according with Article X of the Declaration, of annual budgets in which there shall be established the contribution of each Owner to the Common Expenses and Village Expenses;

(ii) making assessments to defray the Common Expenses and Village Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each Unit's proportionate share of the Common Expenses shall be due and payable at the beginning of each fiscal year;

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

(iv) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair, and replacement of its property and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(v) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

(vi) making and amending rules and regulations;

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

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

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

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

(xi) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

X (xii) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(xiii) making available to any prospective purchaser of a Unit, any Owner of a Unit, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Unit and all other books, records, and financial statements of the Association; and

(xiv) permitting utility suppliers to use portions of the common Area reasonably necessary to the ongoing development or operation of the Properties.

5.8 **MANAGEMENT.** The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board by these By-Laws, other than the powers set forth in subparagraphs (i), (ii), (vi), (vii), and (ix) of Section 5.7(b). The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

5.9 **BORROWING.** The Association, acting through the Board of Directors, shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Area of Common Responsibility without the approval of the Members of the Association. The Board shall also have the power to borrow money for other purposes; provided, however, the Board shall obtain Voting Member approval in the same manner provided in Section 10.6 of the Declaration for Special Assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding anything to the contrary contained in the Declaration, these By-Laws, or the Articles, during the

Class "B" Control Period, no Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Members representing more than fifty percent (50%) of the total Class "A" vote other than the Declarant and the Declarant's nominees.

5.10 RIGHTS OF THE ASSOCIATION. With respect to the Area of Common Responsibility, and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Village and other owners or residents associations, both within and without the Properties. Such agreements shall require the consent of a majority of the total number of directors of the Association. The Association shall not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) executed during the Class "B" Control Period unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause, upon not more than ninety (90) days notice to the other party.

5.11 ENFORCEMENT.

(a) In addition to such other rights which are specifically granted under the Declaration, the Board of Directors shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or any person's right to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association; provided, however, nothing herein shall authorize the Association or the Board to limit ingress and egress to or from a Unit. In the event that any occupant, guest or invitee of a Unit violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(b) Prior to imposition of any sanction hereunder, the Board of Directors or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(c) If a hearing is requested within the allotted ten (10) day period, the hearing shall be held before the Covenants Committee, if any, or if none, then before the Board of Directors in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board or the Covenants Committee may, but shall be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

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

(e) Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or, following compliance with the procedures set forth in Article XVIII of the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred.

5.12 **LIABILITY LIMITATIONS.** Neither any Owner, Member, the Board, any director, nor any officer of the Association shall be personally liable for debts contracted for, or otherwise incurred by the Association, or for a tort of any other Member or Owner whether such other Member or Owner was acting on behalf of the Association or otherwise. Neither the Declarant, the Association, nor their respective directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portion thereof or for failure to repair or maintain the same. The Declarant, the Association or any other person, firm or corporation required to make such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portion thereof.

5.13 **ORGANIZATION MEETING.** The first (1st) meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to

the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present.

5.14 **REGULAR MEETINGS.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

5.15 **SPECIAL MEETINGS.** Special meetings of the Board of Directors may be called by the President or Secretary, or upon the written request of at least two (2) Directors. The President or Secretary will give three (3) days' personal notice to each Director by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

5.16 **WAIVER OF NOTICE.** Before or at any meeting of the Board of Directors, any Director may in writing, waive notice of such meeting and such waiver shall be deemed at any meeting equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

5.17 **QUORUM OF BOARD OF DIRECTORS.** At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such reconvened meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without additional notice.

5.18 **FIDELITY BONDS.** The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

5.19 **TELEPHONE PARTICIPATION.** One or more directors may participate in and vote during any regular or special meeting of the Board by telephone conference call or similar communication equipment by means of which all Persons participating in the meeting can hear each other at the same time, and those directors so participating shall be deemed present at such meeting. Any such meeting at which a quorum participates shall constitute a regular meeting of the Board.

5.20 **COMPENSATION.** No Director shall receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total Class "A" vote of the Association at a regular or special meeting of the Association; provided, however,

any Director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors. Nothing herein shall prohibit the Association from compensating a Director, or any entity in which a Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such Director's interest was disclosed to the Board prior to the Board's approval of the contract, and the contract was approved by a majority of the Board, excluding the interested Director.

5.21 **NOTICE TO OWNERS; OPEN MEETINGS.** Except in an emergency, notice of Board of Directors meetings shall also be posted at least forty-eight (48) hours in advance of the meeting at a conspicuous place within the Properties which the Board establishes for the posting of notices relating to the Association. Notice of any meeting at which assessments are to be established shall state that fact and the nature of the assessment. Subject to the provisions of Section 3.17, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, excluding persons other than directors to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

ARTICLE VI

OFFICERS

6.1 **DESIGNATION.** The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, all of whom shall be elected from among the Board of Directors. The Board of Directors may appoint such other officers as it deems desirable. Any two or more officers may be held by the same person, except the offices of President and Secretary.

6.2 **ELECTION OF OFFICERS.** The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

6.3 **REMOVAL OF OFFICERS.** Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

6.4 **PRESIDENT.** The President shall be the chief executive officer of the Association. The President shall preside at all meetings of both the Association and the Board of Directors. The President shall have all the general powers and duties which are usually vested in the office of

president of an association. The President shall co-sign all promissory notes with the Secretary and co-sign all checks with the Treasurer.

6.5 **VICE PRESIDENT.** The Vice President shall perform all of the duties of the President in the absence of the President and such other duties as may be required of him from time to time by the Board of Directors.

6.6 **SECRETARY AND ASSISTANT SECRETARY.**

a. The Secretary, or such Assistant Secretaries as may be appointed by the Board of Directors, shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. The Secretary shall have charge of such books and papers as the Board of Directors may direct and shall co-sign all instruments of conveyance; and the Secretary shall, in general, perform all the duties incident to the office of the Secretary.

b. The Secretary, or such Assistant Secretaries as may be appointed by the Board of Directors, shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. This list shall show opposite each Member's name, the street address of their Lot. The list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

6.7 **TREASURER.** The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors, including authority to: co-sign all checks; keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to the Treasurer by the Board of Directors.

6.8 **COMMITTEES.** Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the members of the Board of Directors. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE VII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

7.1 **INDEMNIFICATION.** The Association shall indemnify every Director or officer, his heirs, executors and administrators, against all loss, cost and expense, including counsel fees, reasonably incurred in connection with any action, suit or proceeding to which such Director or officer may be made a party by reason of being or having been a Director or officer of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of duties as such Director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses; provided, however, nothing contained in this Article VII shall be deemed to obligate the Association to indemnify any Member or Owner of a Lot, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a Member or Owner of a Lot covered thereby.

ARTICLE VIII

AMENDMENTS TO BY-LAWS

8.1 AMENDMENT.

(a) Until termination of the Class "B" membership, Declarant may unilaterally amend these By-Laws for any purpose. After such conveyance, the Declarant may unilaterally amend these By-Laws if such amendment is (i) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) required by an institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make, purchase insure or guarantee mortgage loans on the Units; (iv) necessary to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on the Units; provided, however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as it still owns property described in Exhibits "A" or "B" of the Declaration for development as part of the Properties, the Declarant may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

(b) Except as otherwise specifically provided herein, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing more than fifty percent (50%) of the total Class "A" votes in the Association, including more than fifty percent (50%) of the Class "A" votes held by Members other than the Declarant, and the consent of the Declarant, so long as the Declarant has a right to annex additional property to the Declaration. In addition, the approval requirements set forth in Article XIV of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment to be effective must be recorded in the County Clerk's Office, Denton County, Texas.

(c) If an Owner consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

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

ARTICLE IX

NON-PROFIT ASSOCIATION

9.1 **NON-PROFIT PURPOSE.** This Association is not organized for profit. No Owner, Member, Director, or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any Owner, Member, or Director; provided, however, always (i) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one (1) or more of the purposes of the Association and (ii) that any Director may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the By-Laws of Castlewood Homeowners' Association, Inc., a Texas non-profit corporation, as adopted by the initial Board of Directors.

IN WITNESS WHEREOF, I hereunto set my hand and affix the Seal of the Corporation, this the ____ day of _____, 1997.

_____, Secretary

H:\DOCS\3400S\3458\04\DMHOABYLS.WPD

RECORDER'S RECEIPT

145.00

TO THE COUNTY CLERK OF Denton COUNTY, TEXAS:

S.F.: 97100240

TYPE OF DOCUMENT: Dec of Cor.

GRANTOR: Balfour

GRANTEE:

THIS DOCUMENT IS DATED: 6-30-97

AFTER FILING RETURN TO:
STEWART TITLE NORTH TEXAS, INC.

STEWART TITLE NORTH TEXAS
35 W. MAIN STREET
SUITE 415
DENTON, TEXAS 75047

N: J

INIT NO. 416

THIS SPACE FOR THE USE OF THE
RECORDER.

Filed for Record in:
DENTON COUNTY, TX
HONORABLE TIM HODGES/COUNTY
CLERK

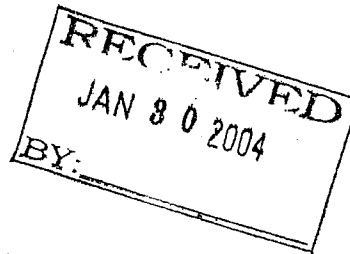
On Jul 02 1997
At 9:32am

Doc/Num : 97-R0044273
Doc/Type : DEC
Recording: 139.00
Doc/Mgmt : 6.00
Receipt #: 21083

DOCUMENT FILED BY MARY
CLERK'S FILE #:

AFTER RECORDING RETURN TO:

Judd A. Austin, Jr., Esq.
Henry Oddo Austin & Fletcher, P.C.
1700 Pacific Avenue
Suite 2700
Dallas, Texas 75201



**FIRST AMENDMENT TO THE DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CASTLEWOOD**

STATE OF TEXAS

§
§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF DENTON §

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CASTLEWOOD (this "First Amendment") is made as of the date set forth below by BALFOUR VILLAGE ESTATES, LP., a Texas limited partnership (hereinafter referred to as "Declarant").

INTRODUCTORY PROVISIONS

WHEREAS, the Declaration of Covenants, Conditions and Restrictions for Castlewood, executed by Balfour Village Estates, L.P., was filed of record on July 2, 1997, and is recorded as Instrument No. 97-R0044273 in the Real Property Records of Denton County, Texas (the "Master Declaration"); and

WHEREAS, additional property has been subjected to the terms, conditions and the plan of the development set forth in the Master Declaration by certain supplemental declarations filed of record in the Real Property Records of Denton County, Texas, to wit: (i) Instrument No. 97-R0044274; (ii) Instrument No. 97-R0066634; (iii) Instrument No. 98-R0118851; (iv) Instrument No. 99-R0033177; (v) Instrument No. 99-R0124933; (vi) Instrument No. 99-R0124935; (vii) Instrument No. 00-R0097901; (viii) Instrument No. 2001-R0000459; (ix) Instrument No. 2001-R0022599; and (x) Instrument No. 2001-R0022600 (the Master Declaration and the foregoing supplemental declarations are hereinafter referred to, collectively, as the "Castlewood Declaration"); and

WHEREAS, the Castlewood Declaration affects certain tracts or parcels of real property in Denton County, Texas, more particularly described on Exhibit "A attached hereto and incorporated herein by reference for

**FIRST AMENDMENT TO THE DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR CASTLEWOOD** Page 1

all purposes (the "Properties"); and

WHEREAS, under XVIII, Section 18.2 (a) of the Castlewood Declaration, the terms and conditions of the Castlewood Declaration can be amended by the Declarant for any purpose so long as the Class B Membership class has not terminated; and

WHEREAS, the following amendment to the Castlewood Declaration is made by the Declarant, as evidenced by its duly authorized representative's signature below, as the Class B Member.

NOW, THEREFORE, the Castlewood Declaration is hereby amended as follows:

Section 10.11 of Article X of the Castlewood Declaration is amended to read, in its entirety, as follows:

10.11 Capitalization of the Association. Upon the acquisition of record title to a Unit by any Owner other than Declarant or Builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in the amount of at least \$200.00. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses incurred by the Association pursuant to the terms of this Declaration and the By-Laws. The amount of the contribution may be adjusted by the Board without the necessity of amending this Declaration.

The terms and provisions of the Castlewood Declaration, except as modified herein, are hereby declared to be in full force and effect with respect to the Properties. The Properties shall continue to be held, occupied, sold and conveyed subject to the terms and conditions of the Castlewood Declaration and this First Amendment, which shall run with title to the Properties and are binding on all parties having any right, title or interest in and to the Properties or any part thereof, including their heirs, representatives, successors, transferees and assigns, and shall inure to the benefit of each Owner thereof.

IN WITNESS WHEREOF, the Declarant has caused this First Amendment to be executed by its duly

authorized representative to be effective as of the 14th day of January, 2004.

DECLARANT:

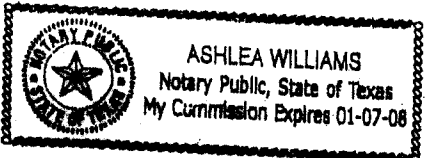
BALFOUR VILLAGE ESTATES, L.P.

By: BRE/CASTLEWOOD L.L.C.,
General Partner

By: Julian Hawes, Jr.
JULIAN HAWES, JR., Vice-President

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 14th day of January, 2004, by Julian Hawes, Jr., Vice-President of BRE/Castlewood L.L.C., a Delaware limited liability company, General Partner of Balfour Villages Estates, L.P., a Texas limited partnership, on behalf of said limited liability company and partnership.



Ashlea Williams
Notary Public, State of Texas

EXHIBIT A

Those lots, blocks, tracts and parcels of real property located in the City of Highland Village, Denton County, Texas more particularly described as follows:

- (i) All property subject to the Declaration of Covenants, Conditions and Restrictions for Castlewood, recorded on July 2, 1997 as Instrument No. 97-R0044273 in the Real Property Records of Denton County, Texas, including that property annexed by supplemental declarations filed as: (i) Instrument No. 97-R0044274; (ii) Instrument No. 97-R0066634; (iii) Instrument No. 98-R0118851; (iv) Instrument No. 99-R0033177; (v) Instrument No. 99-R0124933; (vi) Instrument No. 99-R0124935; (vii) Instrument No. 00-R0097901; (viii) Instrument No. 2001-R0000459; (ix) Instrument No. 2001-R0022599; and (x) Instrument No. 2001-R0022600;
- (ii) **Castlewood Section One**, an Addition to the City of Highland Village, Texas, according to the Plat thereof recorded as Document No. 97-R0018751 in Cabinet N, Page 113 of the Map Records of Denton County, Texas;
- (iii) **Castlewood Section Two - I**, an Addition to the City of Highland Village, Texas, according to the Plat thereof recorded as Document No. 98-R0018832 in Cabinet O, Page 247 of the Map Records of Denton County, Texas;
- (iv) **Castlewood Section Three - I - A**, an Addition to the City of Highland Village, Texas, according to the Plat thereof recorded as Document No. 99-R0021471 in Cabinet Q, Page 42 of the Map Records of Denton County, Texas;
- (v) **Castlewood Section Three - II - A**, an Addition to the City of Highland Village, Texas, according to the Plat thereof recorded as Document No. 99-R0050420 in Cabinet Q, Page 144 of the Map Records of Denton County, Texas;
- (vi) **Castlewood Section Three - I - B**, an Addition to the City of Highland Village, Texas, according to the Plat thereof recorded as Document No. 99-R0050421 in Cabinet Q, Page 146 of the Map Records of Denton County, Texas;
- (vii) **Castlewood Section Three - II - B**, an Addition to the City of Highland Village, Texas, according to the Plat thereof recorded as Document No. 2000-R0121466 in Cabinet S, Page 396 of the Map Records of Denton County, Texas;
- (viii) **Castlewood Section Three - I - C**, an Addition to the City of Highland Village, Texas, according to the Plat thereof recorded as Document No. 2000-R0121465 in Cabinet S, Page 394 of the Map Records of Denton County, Texas;

- (ix) **Castlewood Section Three - I - D**, an Addition to the City of Highland Village, Texas, according to the Plat thereof recorded as Document No. 2000-R0121450 in Cabinet S, Page 392 of the Map Records of Denton County, Texas;
- (x) **Castlewood Section IV (I)**, an Addition to the City of Highland Village, Texas, according to the Plat thereof recorded as Document No. 00-R0069964 in Cabinet S, Page 116 of the Map Records of Denton County, Texas; and
- (xi) **Castlewood Section IV (II)**, an Addition to the City of Highland Village, Texas, according to the Plat thereof recorded as Document No. 2003-R0069964 in Cabinet V, Page 18 of the Map Records of Denton County, Texas.

Exhibit-A.wpd

HENRY ODDO AUSTIN & FLETCHER

A PROFESSIONAL CORPORATION

ATTORNEYS AND COUNSELORS AT LAW

1700 PACIFIC AVENUE

SUITE 2700

DALLAS, TEXAS 75201

TELEPHONE (214) 658-1900

FACSIMILE (214) 658-1919

July 27, 2004

Ms. Teresa Wolowiec
CCMC
1600 Redbud Blvd.
Suite 202
McKinney, Texas 75070

**Re: First Amendment to the Declaration of Covenants, Conditions and Restrictions
for Castlewood**

Dear Teresa:

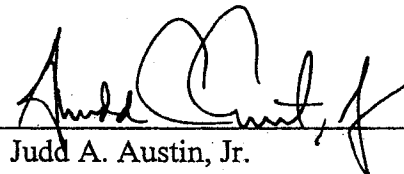
Enclosed herewith you will please find a file-stamped copy of the First Amendment to the Declaration filed with the Denton County Clerk on July 23, 2004 as Document Number 2004-97061.

Should you have any questions in reference to the foregoing, please do not hesitate to contact me.

Yours very truly,

HENRY ODDO AUSTIN & FLETCHER
A Professional Corporation

By



Judd A. Austin, Jr.

JAA/Enclosure

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202

70 2004 00097061

Instrument Number: 2004-97061

Recorded On: July 23, 2004

As
Amendment

Parties: BALFOUR VILLAGE ESTATES LP

To

Billable Pages: 6

Number of Pages: 6

Comment:

**** Examined and Charged as Follows: ****

Amendment	24.00
Total Recording:	24.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

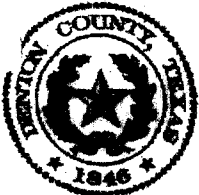
File Information:

Document Number: 2004-97061
Receipt Number: 126275
Recorded Date/Time: July 23, 2004 10:29A

Record and Return To:

HENRY ODDO AUSTIN & FLETCHER
1700 PACIFIC AVENUE
STE 2700
DALLAS TX 75201

User / Station: F Chenevert - Cash Station 4



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Cynthia Mitchell
County Clerk
Denton County, Texas

Exhibit "A"

All that certain tract or parcel of land being situated in the Town of Copper Canyon and the City of Highland Village, Denton County, Texas, part of the J. Edmondson Survey, Abstract 398, and the G.W. Jackson Survey, Abstract 1599, and the T & P Railroad Survey, Abstract 1300, and the Wm. Herod Survey, Abstract 591, and the J.W. Baker Survey, Abstract 50, and the J. Herod Survey, Abstract 588, and being a portion of the following: a called 71.458 acre tract conveyed to Highland Shores Inc. as recorded in Volume 2805, page 405, of the Deed Records of Denton County, Texas, a called 10.000 acre tract conveyed to Highland Shores Inc. recorded in Volume 2805, page 412 of said Deed Records, two tracts described as Tracts I & II totalling 187.155 acres conveyed to Highland Shores Inc. as recorded in Volume 1344, page 417 of said Deed Records, and called 92.129 acre tract conveyed to Highland Shores Inc. as recorded in Volume 1344, page 410 of said Deed Records, and a called 18.94 acre tract conveyed to Highland Shores Inc. as described in the Correction Deed recorded in Volume 3003, page 185, of said Deed Records and being further described by metes and bounds as follows:

COMMENCING at a 5/8" iron rod with cap marked Survcon 4818 found in the northeasterly line of Gulf, Colorado & Santa Fe Railroad right-of-way, 150 feet wide said point being the southwest corner of Highland Shores Phase 13-P, an Addition to the City of Highland Village, as recorded in Cabinet L, Pages 18-20 of the Plat Records of Denton County, Texas;

THENCE North 44°47'55" West along said northeasterly line, 72.82 feet to a 5/8" iron rod with cap marked Survcon 4818 found at the point of beginning;

THENCE along said northeasterly line of Gulf, Colorado & Santa Fe Railroad right-of-way for the following five courses:

North 44°47'55" West, passing at 2618.76 feet a 5/8" iron rod found at the westerly corner of said called 81.458 acre tract, in all a total distance of 3209.02 feet to a found 5/8" iron rod with cap marked Survcon;

North 51°55'24" West, 201.56 feet to a found 5/8" iron rod;

North 44°47'54" West, 160.00 feet to a set 5/8" iron rod with cap marked Survcon;

North 16°20'18" West, 133.53 feet to a found 1/2" iron rod;

North 32°43'54" West, 681.65 feet to a found 5/8" iron rod with cap marked Survcon 4818 in the approximate center of Chinn Chapel Road;

THENCE along said approximate center of Chinn Chapel Road for the following courses:

Continued on next page

North 02°38'33" East, 133.75 feet to a found 5/8" iron rod with cap marked Survcon 4818, from which a found P.K. nail bears South 72°24'39" West, 2.43 feet;

North 03°40'20" East, 585.14 feet to a found 5/8" iron rod;

~~THENCE South 88°45'42" East, 278.88 feet to a found concrete monument with brass cap marked F535-2, disturbed, said point being in the Southerly line of Lewisville Lake;~~

THENCE along said southerly line of Lewisville Lake for the following twelve courses:

South 64°09'16" East, 396.65 feet to a found 5/8" iron rod with cap marked Survcon;

North 01°45'34" West, 1462.31 feet to a found 5/8" iron rod with cap marked Survcon 4818;

North 10°22'09" East, 158.76 feet to a found concrete monument with brass cap marked F530-3;

South 79°08'32" East, 396.09 feet to a found concrete monument with brass cap marked F530-4;

North 60°16'39" East, 354.30 feet to a found concrete monument with brass cap marked F530-5;

North 75°22'17" East, 397.79 feet to a found concrete monument with brass cap marked F530-6;

~~North 76°07'21" East, 20.15 feet to a found 5/8" iron rod with cap marked Survcon;~~

South 89°19'28" East, 204.20 feet, from which a found concrete monument with a brass cap marked F530-8, bears South 06°58'26" East, 0.89 feet;

South 06°47'47" West, 11.97 feet to a found concrete monument with a brass cap marked F530-9;

South 83°40'21" East, 241.38 feet to a found concrete monument with brass cap marked F530-10, disturbed;;

South 39°02'40" West, 251.84 feet to a found concrete monument with brass cap marked F530-11;

South 07°56'04" East, 117.50 feet to a found 5/8" iron rod with cap marked Survcon;

THENCE South 05°59'02" East, 303.25 feet to a 5/8" iron rod

Continued on next page

with cap marked Survcon 4818 found on the arc of a non-tangent curve to the right;

THENCE along the arc of said non-tangent curve to the right having a radius of 830.00 feet, a central angle of $24^{\circ}26'17''$, a chord which bears South $80^{\circ}35'14''$ East, 351.34 feet, an arc distance of 354.02 feet to a found $5/8''$ iron rod with cap marked Survcon 4818;

THENCE South $68^{\circ}22'05''$ East, 220.05 feet to a found $5/8''$ iron rod with cap set on the arc of non-tangent curve to the right;

THENCE along the arc of said non-tangent curve to the right having a radius of 2043.64 feet, a central angle of $03^{\circ}28'34''$, a chord which bears South $19^{\circ}53'38''$ West, 123.97 feet, an arc distance of 123.98 feet to a found $5/8''$ iron rod with cap marked Survcon 4818;

THENCE South $21^{\circ}37'55''$ West, 399.23 feet to a found $5/8''$ iron rod with cap marked Survcon 4818 set at the beginning of a curve to the left;

THENCE along the arc of said curve to the left having a radius of 2884.79 feet, a central angle of $42^{\circ}29'25''$, a chord which bears South $00^{\circ}23'13''$ West, 2090.65 feet, an arc distance of 2139.34 feet to a found $5/8''$ iron rod with cap marked Survcon 4818;

THENCE South $20^{\circ}51'30''$ East, 829.96 feet to a found $5/8''$ iron rod with cap marked Survcon 4818 at the beginning of a curve to the right;

THENCE along the arc of said curve to the right having a radius of 2844.79 feet, a central angle of $04^{\circ}12'36''$, a chord which bears South $18^{\circ}45'12''$ East, 208.98 feet, an arc distance of 209.03 feet to a found $5/8''$ iron rod with cap marked Survcon 4818 found for the Northerly corner of a called 4.000 acre tract conveyed to the City of Highland Village as recorded in File #96-R0010237 of said Deed Records;

THENCE SOUTH $45^{\circ}15'36''$ West, 482.47 feet along the Northwesterly line of said 4.000 acre to a found $5/8''$ iron rod with cap marked Survcon 4818 in the northeasterly line of an easement to Brazos Electric Co-op as recorded in File #93-R0032708 of said Deed Records;

THENCE along the Southwesterly line of said 4.000 acre tract and along said Northeasterly line of Brazos Electric Co-op Easement for the following two courses:

South $44^{\circ}44'24''$ East, 524.21 feet to a found $5/8''$ iron rod with

Continued on next page

cap marked Survcon 4818;

South 44°49'10" East, 122.84 feet to a found 5/8" iron rod with
cap marked Survcon 4818;

THENCE South 01°25'56" East, 421.65 feet to the point of
beginning, containing a computed area of 135.222 acres of land,
more or less.
