

**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
GARDEN VALLEY RANCH, PHASE I**

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS

COUNTY OF ELLIS

This AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR GARDEN VALLEY RANCH, PHASE I ("Restated Declaration") is made this 12th day of August, 2005, by Bethany/Garden Valley, LTD ("Declarant").

WHEREAS, Declarant is the owner of all that certain real property located in the City of Waxahachie, Ellis County, Texas, described in Exhibit "A" attached hereto (the "Property").

WHEREAS, on March 23, 2005 the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GARDEN VALLEY RANCH, PHASE I ("Original Declaration") was executed and acknowledged and filed on the same date at 11:46 AM in the Ellis County Records, Volume 02110, Page 2355.

WHEREAS, Declarant has the authority to amend the covenants, conditions and restrictions pursuant to Article 8 of the Original Declaration.

WHEREAS, the Declarant will convey the above described properties, subject to certain protective covenants, restrictions, liens, and charges as hereinafter set forth;

NOW, THEREFORE, Declarant declares that the Original Declaration is hereby amended and restated in its entirety as hereinafter set forth, and it is hereby declared that all of the property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of insuring proper use and appropriate development and improvement of each building site thereof; to protect the Owners of Lots against such improper use of surrounding lots as will depreciate the value of their Lots; to insure adequate and reasonable development of the Property; to encourage the erection of attractive improvement thereon, with the appropriate locations thereof on building sites; to prevent haphazard and inharmonious improvement of Lots; to secure and maintain proper setbacks from streets, and adequate free spaces between structures; and in general to provide adequately for a high type and quality of improvements on the Property; and which shall run with, the real property and shall be binding on all parties having any right, title, or interest in or to the above described property or any part thereof, and their heirs, successors, and assigns, and which easements, restrictions, covenants, and conditions shall inure to the benefit of each owner thereof.

ARTICLE ONE
DEFINITIONS

"ACC" shall mean the Architectural Control Committee appointed by the Board.

"Assessments" shall mean and refer to the regular annual assessments and/or the special assessments.

"Association" shall mean and refer to Garden Valley Ranch Homeowners Association, Inc., a Texas nonprofit Corporation, its successors and assigns.

"Board" shall mean Board of Directors of the Association.

"Builder" means any person or entity who purchases one or more Lots for the purpose of constructing improvements for later sale to consumers in the ordinary course of such person's or entity's business.

"Common Area" shall mean and refer to all real property (including easements and improvements) owned or held by the Association for the common use and enjoyment of the Owners.

"Common Expenses" means the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of the Owner(s) and/or the Common Area, but excluding expenses incurred during the period in which there is Class B membership (as hereinafter defined) for the initial or original construction of improvements.

"Declarant" shall refer to Bethany/Garden Valley, LTD, its successors and assigns, if such successors or assigns shall acquire more than one undeveloped Lot from Declarant for the purpose of development.

"Homeowner" shall refer to the record owner, whether one or more persons or entities, after title is conveyed by Declarant or Declarant's Builder to such homeowner.

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

"Lot" shall refer to that portion of any of the plots of land shown upon the plat and subdivision map recorded in the Plat Records of Ellis County, Texas, on which there is or will be built a single family dwelling. The term "Lot" shall not include the Common Area nor any other reserves shown on the said map or plat.

"Owner" shall refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or portion of a Lot on which there is or will be built a detached single family dwelling, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

"Properties" shall refer to that certain real property herein before described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE TWO
ARCHITECTURAL CONTROL

Architectural Control Committee

Declarant shall designate and appoint an Architectural Control Committee ("ACC") consisting of not less than two qualified persons, which committee shall serve at the pleasure of the Declarant or Board of Directors.

Approval of Plans and Specifications

No building, fence, wall, or other structure shall be commenced, erected, or maintained upon the Properties, nor shall any exterior addition to, or change or alteration therein, be made, nor shall any landscaping on any Lot or Lots be undertaken, until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to, and approved in writing by, the Architectural Control Committee as to harmony of external design and location in relation to surrounding structures and topography.

Failure of Committee to Act

In the event that any plans and specifications are submitted to the Architectural Control Committee as provided herein, and such Committee shall fail either to approve or reject such plans and specifications for a period of 30 days following such submissions, approval by the Committee shall not be required, and full compliance with this Article shall be deemed to have been had.

ARTICLE THREE
EXTERIOR MAINTENANCE

All improvements upon any Lot will at all times be kept in good condition and repair and adequately painted or otherwise maintained by the Owner of such Lot in a presentable well-kept and clean condition, as determined by the Board, in its sole and absolute discretion.

ARTICLE FOUR
USE RESTRICTIONS

Residential Zoned Property Use

All Lots shall be used, and all improvements thereon occupied, for single family purposes only.

Structural Restrictions

One hundred percent (100%) of the front elevation shall be masonry, measured to the upper most plate line; exclusive of windows, doors, entry walls, covered porches, architectural projections and accents and area above first floor roofs (brick on wood). Porch area shall not exceed twenty five percent (25%) of the total front elevation.

Masonry shall be defined as brick or stone placed in individual units. The total floor area of the main structure, exclusive of porches, garages, patios, terraces and breezeways shall be not less than 1,200 square feet for SF-3 Lots and 1,450 square feet for SF-2 Lots. The width of the main structure shall be in harmony with the other dwellings in the addition. No dwelling or residence or any other structure shall be constructed of more than two stories in height without the express permission of the Architectural Committee. Storage sheds may be permitted by permission of the ACC and must comply with the building set back requirements by City of Waxahachie, must have the same shingles of home, must have been painted the matching color of home siding or trim, and must not exceed a height of eight feet.

Each dwelling or residence shall provide an attached garage structure with space for a minimum of two cars.

Temporary Structures

The undersigned Declarant, or any other person or company engaged in the construction of improvements may maintain on the Property temporary construction offices, and such construction office to be promptly removed upon the completion of home(s) or model home(s) constructed upon Property. Except for such temporary construction office, no temporary structure of any kind shall be erected or placed upon any Lot (except children's playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment may be placed on a lot only in places which are not visible from any street on which the lot fronts). In no instance shall more than one dwelling or residence be erected. Any garage, servant's house, or other improvements erected more than one hundred and twenty days prior to the completion of the main dwelling or residence shall be considered a temporary structure within the meaning of this paragraph.

Building Line

All dwellings or residences built upon any Lot shall face the road or street upon which the Lot faces, as the Lot is platted, and no portion of any structure shall be nearer to the road or street property line of the Lot than is designated by the Plat, and no structure of any kind shall be nearer than five feet to any inside perimeter boundary.

Nuisances

No boats, trailers, campers, or inoperable automobiles will be left on the street or side yard within view of the street, such vehicles must be parked in a garage. No truck with tonnage in excess of one ton and no vehicle with painted advertisements shall be permitted to park overnight on the street within the addition at any time. No vehicle shall be parked along the street for a period exceeding one week. No noxious or offensive activity of any kind whatsoever shall be carried on upon the Property, not shall there be permitted any act thereon that may be or become an annoyance or nuisance to owners of Lots within the addition.

Fences

Only a wooded or masonry fence shall be erected on the Property. No fence shall be erected forward of the front building line on the Property. The screening walls constructed by developer in accordance with the subdivision ordinance of the City of Waxahachie shall not be in violation of these

covenants.

Service Facilities

All clotheslines or service facilities must be enclosed within walls, fences or landscaping so as not to be visible from the outside of the Lot.

Pets

No animal or fowl of any kind shall be raised, kept or quartered on any portion the property except pets of the kind and number usual to a one family household and in accordance with the ordinances of the City of Waxahachie. Horses, Sheep, ponies, goats, hogs, pigs, cows, chickens, rabbits, peacocks, ducks, geese, pigeons, and guinea fowl are expressly prohibited.

Easements

All easements shown on the Plat for the purpose of installing and maintaining public utilities and all easements hereafter granted for such purposes by the Declarant shall be strictly observed and shall not be in any manner obstructed so as to hinder any such easements.

Signs

No signs for advertising purposes shall be displayed to the public view, by Owners or Builders, excepting only signs of customary dimensions (3' x 4' maximum) advertising said Property, or portions thereof, for sale. Builders of Garden Valley Ranch, Phase I shall be allowed to erect a sign not to exceed 12' x 16' at or near the model home location.

Roofs

The roof pitch of any structure shall be 6 foot x 12 foot minimum and 12 foot x 15 foot maximum. Any deviation from the maximum must be approved by the Architectural Committee. Treated wood shingle, slate, rigid tile material or 20 year particle composition or its equivalent shall be used as the roofing material on all structures.

Garbage – Weeds

Except for garbage pick-up days, all garbage containers shall be placed so as not to be visible from the street. The Property shall not be used as a dumping ground for rubbish, trash, garbage or wastes. All Lots must be kept free of weeds and debris. All yards must be sodded or grassed within a reasonable time period not to exceed three months after initial conveyance of a Lot with a Dwelling thereon to an Owner other than a Builder.

Antennas and Satellite Dishes

All television antennas and other antennas and aerials shall be located inside the attic or under roof, or, in the case of a satellite dish, out of public view, unless otherwise permitted by Architectural Committee.

Landscaping

Landscaping of each Lot must be completed within ninety days after the main structure is first occupied as living quarters. Each front yard of the Lot shall have installed a minimum of two trees with a minimum trunk of three inches (3") diameter and a minimum of 48 inches from the ground.

Mailboxes

All mailboxes shall be enclosed by brick corresponding to each home.

Sidewalks

Construction of any single-family dwelling on each Lot shall include the placement of a four foot (4') wide concrete sidewalk, located six feet (6') from, and parallel to, the curb, across the entire frontage of each Lot, and, in the case of corner Lots, a sidewalk shall be placed parallel to the side street. Such sidewalks shall be constructed in conformity with the ordinances of the City of Waxahachie.

Building Permits

The building Inspector of the City of Waxahachie, Texas, or other municipal authority, is hereby authorized and empowered to refuse or revoke, as the case may be, any and all permits for construction of improvements of any kind or character, if such improvements do not conform to and comply with the restrictions set out herein.

Window Treatment

No aluminum foil, newspaper, reflective film or similar treatment will be placed on windows or glass doors of a dwelling. Bed sheets and similar linens may only be used during the first 30 days after the Owner acquires title to Lot.

Athletic and Recreational Facilities

No outdoor athletic and recreational facilities such as playscapes, swing sets and sport courts may be placed on a Lot unless (1) such item is placed within a backyard that has a fence that completely encloses the backyard and the location and the item does not exceed ten feet in height, or (2) such item is a temporary and movable facility that is stored each night in the garage, the dwelling or other fully screened area. Notwithstanding the foregoing, basketball goals and any other recreational equipment designated by the ACC may be located on any portion of the Lot (including side yards) that is behind any portion of the rear of the dwelling. No such items shall be otherwise located including, without limitation, in any street.

No Above Ground Pools

Above ground-level swimming pools shall not be installed on any Lot.

Lighting; Exterior Holiday Decorations

Lighting and/or decorations on a Lot may not be used or placed in a manner that, in the Board of Directors' sole discretion, constitutes a nuisance or an unreasonable source of annoyance to the occupants of other Lots. Except for lights and decorations with the interior of a dwelling that are not displayed in a window, lights and decorations that are erected or displayed on a Lot in commemoration or celebration of publicly observed holidays may not be displayed more than six weeks in advance of that specific holiday and must be removed within 30 days after the holiday has ended.

Lawn Decorations and Sculptures

The Owner must have the approval of the ACC to place any decorations, sculptures, fountains, flags and similar items on any portion of such Owner's Lot except the interior of the dwelling, unless (1) such item is placed within a backyard completely enclosed by a fence which blocks the view of the item at ground level and (2) such item is no taller than the fence.

Drainage Alteration Prohibited

Unless approved by the ACC, no Owner will (1) alter the surface water drainage flows of a Lot as originally established at the time of the initial construction of the dwelling, or (2) install landscaping or other improvements that may interfere with, obstruct or divert drainage flows established by Declarant or any Builder. The foregoing shall not prevent or limit the Declarant from performing any grading work and/or changing any surface water drainage flow on any Lot.

Burglar Bars

No burglar bars or similar attachments may be made to any dwelling at any time.

ARTICLE FIVE MEMBERSHIP AND VOTING RIGHTS

Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

The Association shall have two classes of voting membership:

CLASS A Class A members shall be all Owners, with the exception of the Declarant so long as Declarant is a Class B member, and shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. 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 lot.

CLASS B The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of the following event:

When the total Class A membership votes equal the total Class B membership votes.

ARTICLE SIX
COVENANT FOR MAINTENANCE ASSESSMENTS

Creation of the Lien and Personal Obligation
of Assessments

Each Homeowner, other than Declarant and Builder, by acceptance of deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (a) annual assessments or charges and (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interests, costs and reasonable attorney's fees, shall be a charge on the land and is hereby a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Purpose of Assessments

The assessments levied by the Association shall be used exclusively for Common Expenses.

Annual Assessment

The minimum annual assessment per lot for Garden Valley Ranch shall be \$per lot. From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner other than Declarant or Builder, the maximum annual assessment may be increased as follows:

Maximum Increase Without Vote. Without a vote of the members of the Association in accordance with the provisions below, the Board may increase the maximum annual assessment each year by up to 10% above the maximum annual assessment for the previous year. The Board may increase the maximum annual assessment with or without increasing the actual annual assessment.

Maximum Increase With Vote. The maximum annual assessment may be increased more than 10% above the prior year's maximum annual assessment amount by 75% of the Owners who are voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present approving such action.

Special Assessments for Capital Improvements

In addition to the annual assessments authorized 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, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the common areas, including all screening walls, entrances, signage, cobblestone pavers, all landscaping and irrigation systems, including fixtures and personal property related thereto, provided that any such assessment shall have the vote or written assent of seventy-five percent (75%) of each

class of members who are voting in person or by proxy, at a meeting duly called for that purpose.

Notice and Quorum for any Action Authorized Under Paragraphs

Written notice of any meeting called for the purpose of taking any action authorized to implement Annual Assessments or Special Assessments shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast twenty percent (20%) of all votes of each class of membership constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting except as provided in the By-laws shall be held more than sixty (60) days following the preceding meeting.

Date of Commencement of Annual Assessments Due Dates

The annual assessments provided for herein shall commence as to each lot, on the first day of the month following the conveyance of any lot to a Homeowner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The board of directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the board of directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Effect of Nonpayment of Assessments Remedies of the Association

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of nine percent (9%) per annum. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the hereinafter described lien against the property. Each such owner, by his acceptance of a deed to a lot, hereby expressly vests in the association, or its agents, the right and power to bring all actions against such owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including judicial foreclosure by an action brought in the favor of the Association in a like manner as a mortgage or deed of trust lien on real property, and such owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other lot owners.

Subordination of the Lien to Mortgages

The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such

assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Exempt Property

All properties dedicated to and accepted by a local public authority shall, be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Uniform Rate of Assessment

Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis.

In the event the Association fails to perform its specified responsibilities herein set forth or if declared nonexistent for any reason, the Declarant or his assigns shall have the right to levy special assessments against each lot owner member of the Association on a pro rata basis for the cost of maintenance or the cost of correcting any condition for which the Association was responsible. The Declarant or his assigns, further, under the Association's default herein, assumes to the same rights of the Association to levy assessments and create liens on the property for unpaid assessments as provided herein.

ARTICLE SEVEN PROPERTY RIGHTS

Owner's Easements of Enjoyment

Every owner shall have a right and easement of enjoyment in and to any of the common areas which shall be appurtenant to and shall pass with the title to every lot., subject to the following provisions:

- (a) The right of the Association to make assessments against each lot owner necessary to support and maintain the common areas and improvements thereon.
- (b) The right of the Association to suspend voting rights of lot owner for any period during which any assessments against his lot remains unpaid; and for a period not to exceed sixty (i.e. 60) days for any infraction of its published rules and regulation.
- (c) The right of the Association to dedicate or transfer all or any part of the common areas to any public agency, authority, or utility for such purposes and subject to such conditions as shall be effective unless an instrument agreeing to such dedication or transfer signed by three-fourths (i.e. 3/4) of each class of members has been recorded.
- (d) The right of the Association, in accordance with its Articles of Incorporation or By-laws to borrow money for the purpose of improving the common areas and improvements thereto and in aid thereof to mortgage said property. The rights of any such mortgagee in said property shall be subordinate to the rights of the owners hereunder, if satisfactory to said mortgagee.

Use of Common Areas at Own Risk

Each Owner, by acceptance of a deed to a Lot, acknowledges that the use and enjoyment of any Common Area and recreational facilities involves risk of personal injury or damage to property. Each Owner acknowledges, understands, and covenants to inform its tenants and all occupants of its Lot that the Association, its Board of Directors and committees, Declarant, and any Builder are not

insurers of personal safety and that each person using the Common Areas assumes all risks of personal injury and loss of or damage to property, resulting from the use and enjoyment of any recreational facility or other portion of the Common Areas. Each Owner agrees that neither the Association, the Board of Directors and any committees, any Builder, nor Declarant shall be liable to such Owner or any person claiming any loss or damage, including without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment, or any other wrong or entitlement to remedy based upon, due to, arising from or otherwise relating to the use of any recreational facility or other portions of the Common Areas, including, without limitation, any claim arising in whole or in part from the negligence of the Association, Declarant or any Builder. **THE FOREGOING RELEASE IS INTENDED TO RELEASE THE SPECIFIED PARTIES FROM LIABILITY FOR THEIR OWN NEGLIGENCE.**

ARTICLE EIGHT GENERAL PROVISIONS

Enforcement

The Board may impose sanctions for violation of this Restated Declaration (including any rules, guidelines or standards adopted pursuant to the Restated Declaration) in accordance with the applicable procedures set forth in the bylaws of the Association ("Bylaws"). The Bylaws do not provide for an absolute right under all circumstances to notice and/or hearing either prior to or after the imposition of sanctions. Such sanctions may include all remedies available at law and/or in equity and all remedies herein, including, without limitation, the following:

Fines. The Board may impose reasonable monetary fines, which shall constitute a lien on the Lot, upon the Owner of the Lot related to or connected with the alleged violation. The Owner shall be liable for the actions of any occupant, guest or invitee of the Owner of such Lot.

Suspension of Voting Rights. The Board may suspend an Owner's right to vote.

Suspension of Rights to Use Common Area. The Board may suspend any person's or entity's right to use any recreational facilities within the Common Areas; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Lot.

Right of Self-Help. The Board may exercise self-help or take action to enter upon the Lot to abate any violation of this Restated Declaration.

Right to Require Removal. The Board may require an Owner, at the Owner's expense, to remove any structure or improvement on such Owner's Lot in violation of this Declaration and to restore the Lot to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the Lot, remove the violation, and restore the property to substantially the same condition as previously existed, without such action being deemed a trespass.

Levy Specific Assessment. The Board may levy a specific assessment to cover costs

incurred by the Association in bringing a Lot into compliance with this Restated Declaration.

Lawsuit; Injunction or Damages. The Board has the right, but not the obligation, to bring a suit at law or in equity to enjoin any violation or to recover monetary damages, or both.

Perform Maintenance. In addition to any other enforcement rights, if an Owner fails to perform properly such Owner's maintenance responsibility with respect to a Lot or an improvement thereon, the Association may record a notice of violation in the public records of the county and/or enter the Lot and perform such maintenance responsibilities and assess all costs incurred by the Association against the Lot and the Owner as a specific assessment.

The decision to pursue enforcement action, including the commencement of legal proceedings, in any particular case shall be left to the Board's sole and absolute discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case, (i) the Association's position is not strong enough to justify taking any or further action; or (ii) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; or (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or (iv) it is not in the Association's best interests, based upon hardship, expense or other reasonable criteria, to pursue enforcement action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction or rule.

Severability

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Duration and Amendments

The covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which they shall be automatically extended for successive periods often (10) years. This Declaration may be amended by an instrument signed by not less than seventy-five percent (75%) of the Owners. Any amendment must be recorded in the Deed Records of Ellis County, Texas.

Headings

The headings herein are employed for convenience only and are not controlling over the content of the provisions.

Laws of Construction

The provisions of this Declaration shall be construed by the laws of the State of Texas.

Venue

Any suit brought to enforce any provisions of this Declaration shall be maintained in the courts of Ellis County, Texas.

Nonliability

Declarant, the ACC, the Association, and their respective members, officers, directors, employees and agents, shall not be liable to any Owner or any other person for any loss, damage or injury arising out of their being in any way connected with the performance of the duties of the Declarant, Architectural Committee, or the Association under this Declaration, unless due to the willful misconduct or bad faith of the Declarant, the Architectural Committee, Association, or their members, officers, directors, employees or agents as the case may be.

Rights of Mortgagees

Each lien holder or mortgagee of a lot shall possess the right to:

- (a) inspect the books and records of the Association during normal business hours;
- (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of the fiscal year of the Association; and
- (c) receive written notice of all meetings of the members of the Association and be entitled to designate a representative to attend such meetings.

Leases

Any lease agreement between an owner and an lessee shall, provide that the lease shall be subject in all respects to the provisions of this Declaration and to the articles of incorporation and by-laws of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default in the lease. All such leases shall be in writing.

Gender/Number Applications

As appropriate herein, any pronoun used in this Declaration shall also refer to the masculine, feminine or neuter equivalent, and any singular or plural construction shall also include the other.

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IN WITNESS THEREOF, the undersigned being the Declarant herein, have hereunto set their hand and seal this ____ day of August, 2005.

BETHANY/GARDEN VALLEY, LTD.,
a TEXAS limited liability company

By: Clyde L. Hargrove
Clyde L. Hargrove, Manager

ATTEST:

N/A

STATE OF TEXAS)
)
COUNTY OF ELLIS)

BEFORE ME, the undersigned authority, on this day personally appeared Bethany/Garden Valley LTD, Declarant, by and through Clyde L. Hargrove, Manager to me to be the person whose name are subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity state, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 12th day of August, 2005.



Cindy J. Smith
Notary Public in and for
the State of Texas

EXHIBIT A

[SEE ATTACHED LEGAL DESCRIPTION]

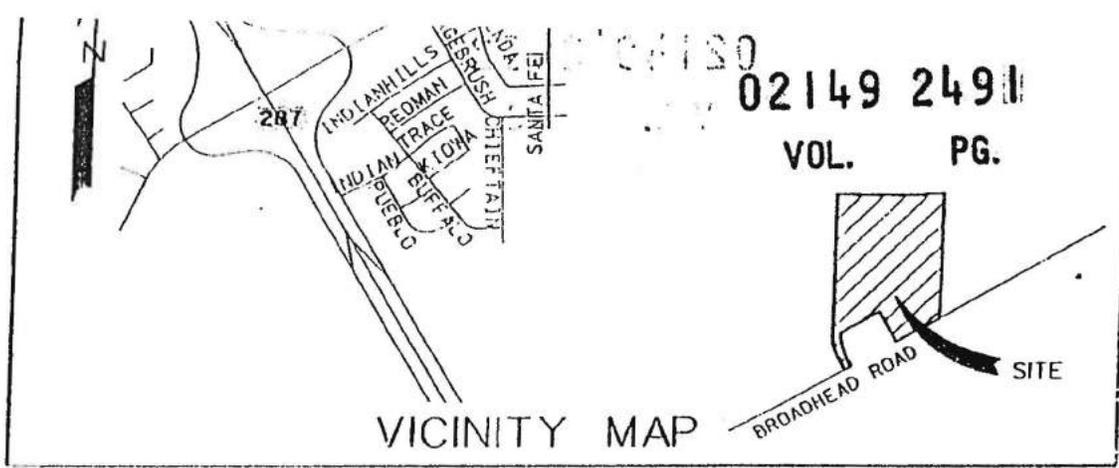


Exhibit "A"

Legal Description

WHEREAS CLYDE HARGROVE is the sole owner of a 35.5317 acre tract of land situated in the L.E. & ANN ADAMS SURVEY, Abstract No. 5, city of Waxahachie, Ellis County, Texas being part of that certain 100 acre tract, tract two, owned by Clyde Hargrove, as recorded in Volume 01890, page 1680 of the Deed Records of Ellis County Texas (D.R.E.C.T.) and being more particularly described by meets and bounds as follows:

BEGINNING at a railroad spike set in Broadhead Road (a county road) and in the occupied south line of said Adams survey and the north line of the W.C. CALDER SURVEY, Abstract No. 235 for the most southeasterly corner of this tract and said 100 acre tract, and the southwest corner of a residual of a called 96.714 acre tract of land conveyed to Stark Development Company, Inc. by deed recorded in Volume 1381, Page 122, OPRECT:

THENCE South 59 degrees 57 minutes 05 seconds West (Same as Deed), 500.00 feet along Broadhead Road, the Adams-Calder survey line, and the most southerly line of this tract and said 100 acre tract to a $\frac{1}{2}$ inch iron rod set for corner;

THENCE North 30 degrees 00 minutes 00 seconds West, Departing said Broadhead Road, a distance of 369.20 feet to a $\frac{1}{2}$ inch iron rod set for corner;

THENCE South 59 degrees 58 minutes 08 seconds West, a distance of 451.83 feet to a $\frac{1}{2}$ inch iron rod set for corner, and being the beginning of a non tangent curve to the left having a central angle of 30 degrees 2 minutes 55 seconds, a radius of 560 feet, a chord bearing of South 15 degrees 1 minutes 28 seconds East, and a chord distance of 290.34 feet;

THENCE southerly along said curve, a distance of 293.69 feet to a $\frac{1}{2}$ inch iron rod set;

THENCE South 30 degrees 02 minutes 55 seconds East, a distance of 88.93 feet to a $\frac{1}{2}$ inch iron rod set for corner, also being the centerline of said Broadhead Road;

THENCE South 59 degrees 57 minutes 05 seconds West, along said Broadhead Road, a distance of 80 feet to a $\frac{1}{2}$ inch iron rod set for corner and being the most South West corner of the tract herein described;

THENCE North 30 degrees 02 minutes 55 seconds West, Departing said Broadhead Road, a distance of 88.93 feet to a $\frac{1}{2}$ inch iron rod set, and being the beginning of a tangent curve to the right having a central angle of 30 degrees 2 minutes 55 seconds, a radius of 640 feet, a chord bearing of North 15 degrees 1 minutes 28 seconds West, and a chord distance of 331.81 feet;

THENCE northerly along said curve, a distance of 335.65 feet to a $\frac{1}{2}$ inch iron rod set;

THENCE North, a distance of 1453.26 feet to a $\frac{1}{2}$ inch iron rod set for corner, being the most Northwest part of tract herein described,

THENCE East, a distance of 928.87 feet to a $\frac{1}{2}$ inch iron rod set;

THENCE North, a distance of 11.39 feet to a $\frac{1}{2}$ inch iron rod set;

THENCE East, a distance of 165.79 feet to a $\frac{1}{2}$ inch iron rod set for corner, being the most Northeast part of the tract herein described, also being a point along the west line of said Stark Tract;

THENCE South 00 degrees 16 minutes 02 seconds West, a distance of 1305.91 feet along west line of said Stark Tract to the POINT OF BEGINNING, and containing approximately 35.5317 acres of land.

COUNTY CLERK'S MEMO
Instrument UNSATISFACTORY
For microfilm recording

**BYLAWS
OF
GARDEN VALLEY RANCH HOMEOWNERS ASSOCIATION, INC.
A TEXAS NON-PROFIT CORPORATION**

Organized: August 8, 2005
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**BYLAWS
OF
GARDEN VALLEY RANCH HOMEOWNERS ASSOCIATION, INC.
A TEXAS NON-PROFIT CORPORATION**

**ARTICLE I
NAME AND LOCATION**

The name of the association is **GARDEN VALLEY RANCH HOMEOWNERS ASSOCIATION, INC.** (the "Association"). The Association is a non-profit corporation organized under the Texas Non-Profit Corporation Act. The principal office of the Association shall be located at 101 Valley Ridge Drive, Red Oak, TX 75154, but meetings of members and directors may be held

at such places within the State of Texas as may be designated by the Board of Directors.

ARTICLE II PURPOSE AND PARTIES

Section 2.01. Purpose. The purpose for which the Association is formed is to govern the Garden Valley Ranch, Phase I subdivision ("Subdivision"), situated in the City of Waxahachie, County of Ellis, State of Texas, which property is described in that certain Declaration of Covenants, Conditions and Restrictions for Garden Valley Ranch, Phase I (as same may be hereafter amended, the "Declaration"), and recorded in the Real Property Records of Ellis County, Texas.

Section 2.02. Parties. All present or future owners ("Owners") of the lots in the Subdivision ("Lots"), tenants or future tenants of any Lot, or any other person who might use in any manner the facilities of the properties owned, managed or controlled by the Association ("Properties") are subject to the provisions and the regulations set forth in these Bylaws. The mere acquisition; lease or rental of any Lot or the mere act of occupancy of a Lot will signify that these Bylaws are accepted, approved, ratified, and will be complied with.

ARTICLE III DEFINITIONS

The definitions contained in the Declaration are incorporated herein by reference.

ARTICLE IV MEMBERSHIP AND VOTING RIGHTS

Section 4.01. Membership. Each and every Owner shall automatically be a member of the Association ("Member") without the necessity of any further action on his part, subject to the terms of the Declaration, the Articles of Incorporation, these Bylaws, and the rules and regulations with respect to the Properties from time to time promulgated by the Association. Membership shall be appurtenant to and may not be separated from the interest of such Owner in and to any portion of the Lot owned by such Owner. Ownership of any portion of the Lots shall be the sole qualification for being a Member; provided, however, a Member's voting rights may be regulated or suspended as provided in the Declaration, these Bylaws, and/or the rules and regulations promulgated thereunder. Persons or entities shall be Members by reason of ownership of land dedicated and accepted by the local public authority and devoted to public use and such land shall be owned subject to all of the terms and provisions of the Declaration except that: (i) ownership of land devoted to purposes described in this sentence shall not create any votes in the Members owning such land, and (ii) such non-voting Members shall not be required to pay any assessments other than special individual assessments as described and authorized in the Declaration. No person or entity shall be a Member by reason of ownership of any easement, right-of-way, or mineral interest. In addition, any person or entity that holds an interest in and to all or any part of the Lots merely as security for the performance of an obligation shall not be a Member.

Section 4.02. Transfer. Membership may not be severed from the Lots nor may it be in any way transferred, pledged, mortgaged or alienated except upon the sale or assignment of the Owner's interest in all or any part of the Lots and then only to the purchaser or assignee as the new Owner thereof. Membership shall not be severed by the encumbrance by an Owner of all or any part of the

Lots. Any attempt to make a prohibited severance, transfer, pledge, mortgage or alienation shall be void and of no further force or effect, and will be so reflected upon the books and records of the Association. Any transfer of the fee title to a Lot shall automatically operate to transfer membership to the new Owner thereof. In the event an Owner should fail or refuse to transfer the membership registered in such Owner's name to the transferee, the Association shall have the right to record the transfer upon its books and records.

Section 4.03. Voting Rights. The provisions dealing with voting rights are set forth in the Declaration.

Section 4.04. Multiple Owner Votes. Where there are multiple Owners of a Lot it is not intended by any provision of the Declaration or these Bylaws that each of said Owners shall be entitled to cast the votes allocated to such Lot nor may fractional votes be cast. When more than one person or entity owns the interest or interests in and to any Lot, as required for membership in the Association, each and every person or entity shall be a Class A member, and the votes for any such Lot shall be exercised as they, among themselves, collectively determine and they shall designate one person to cast the votes or execute a written consent, as applicable. The Owners of such Lot will notify the Association, in writing, of the person so designated. Such notice will not be valid unless signed by all Owners of such Lot. The Association shall not be required to recognize the vote or written assent of any such multiple Owners except the vote or written assent of the Owner designated in writing executed by all of such multiple Owners and delivered to the Association.

If such Owners are unable to agree among themselves as to how the one vote per Lot shall be cast, they shall forfeit the right to vote on the matter in question. If more than one person or entity purports to exercise the voting rights with respect to any such Lot on any matter in question, none of such votes shall be counted in tabulating the vote on such matter and such votes shall be deemed void.

Section 4.05. Suspension of Voting Rights. The voting rights of any Member may be suspended by the Board for any period during which any assessment levied by the Association remains past due, unless the Member is in good faith contesting the validity or amount of the Assessment. The voting rights of any Member may also be suspended by the Board for a period not to exceed sixty (60) days for an infraction of the rules and regulations set forth in the Declaration.

Section 4.06. Quorum, Notice and Voting Requirements.

(a) Subject to the provisions of Paragraph (d) of this Section, any action taken at a meeting of the Members for which voting requirements are not specifically addressed by the Declaration shall require the assent of the majority of all of the votes of those who are voting in person or by proxy, regardless of class, at a duly called meeting at which a quorum is present.

(b) The presence at the initial meeting of Members entitled to cast, or of proxies entitled to cast, sixty percent (60%) of the votes of all Owners, regardless of class, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If the required quorum is not present or represented at the meeting, one additional meeting may be called, subject to the notice requirements set forth below, and the required quorum at such second meeting shall be

one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days following the first meeting.

(c) Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) but not more than sixty (60) days before such meeting to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

(d) In the event of a conflict between these Bylaws, the Declaration and the Articles of Incorporation in the notice, voting and quorum requirements for actions to be taken by the Association, the requirements under the Declaration shall control.

Section 4.07. Annual Meeting. The first annual meeting of the Members shall be held within one (1) year after the date of incorporation of the Association. Thereafter, annual meeting shall be set by the Board so as to occur not later than ninety (90) days after the close of the Association's prior fiscal year. The time and place of all annual meetings shall be determined by the Board. The Board shall give written notice of the place of holding of the meeting to all Members.

Section 4.08. Special Meetings. Special meetings of the Members may be called at any time by the Declarant, by the President, by the Board, or upon the written request for a special meeting from Members who are entitled to vote at least sixty percent (60%) of the outstanding votes of the Members (all classes counted together).

Section 4.09. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Proxies shall be revocable and shall automatically cease upon conveyance by the Member of his Lot, or upon receipt by the Secretary of the Association of notice of the death or judicially declared incompetence of such Member. Unless otherwise provided in the proxy, no proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided therein, except that the maximum term of any proxy shall be three (3) years from the date of execution.

Section 4.10. Action Without Meeting By Written Ballot. Any action which may be taken by the Members at a regular or special meeting, other than the election of directors, may be taken without a meeting if done in compliance with relevant provisions of the Texas Business Corporation Act, the Texas Non-Profit Corporation Act, the Texas Miscellaneous Corporation Laws Act, and these Bylaws.

ARTICLE V BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 5.01. Number. The affairs of this Association shall be managed by a Board of not less than three (3) or more than five (5) directors (herein, the "Board"). The number of directors may be changed by amendment of these Bylaws. The members of the initial Board or their successors,

shall serve until the first annual meeting of the Members.

Section 5.02. Term of Office. At the first duly called meeting at which a quorum is present, the Members, voting regardless of class, shall elect two (2) directors for a term of two (2) years each and one (1) director for a term of three (3) years. At each annual duly called meeting thereafter at which a quorum is present, the Members, voting regardless of class, shall elect to replace those directors whose terms have expired. With the exception of the director elected at the first meeting to serve for a term of three (3) years, all directors shall serve for a term of two (2) years.

Section 5.03. Removal. With the prior approval of the Declarant, the entire Board may be removed from office, with or without cause, by a vote of Members holding a majority of the votes.

Section 5.04. Vacancies. Vacancies on the Board shall be filled subject to the following provisions:

(a) Vacancies by Death or Resignation. In the event of the death or resignation of a director, a successor director shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of such director.

(b) Vacancies by Removal. Vacancies created by the removal of a director shall be filled only by a vote of Members holding a majority of the votes. Such director shall serve for the unexpired term of the removed director.

(c) Vacancies by Increase in Directorships. Any vacancy to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of Members called for that purpose.

Section 5.05. Indemnification of Officers and Directors. Except in cases of fraud, willful malfeasance, gross negligence or bad faith of the director or officer in the performance of duties, and subject to the provisions of applicable Texas law, each director and officer shall be indemnified by the Association and the Members against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him or her by judgment or settlement in connection with any proceeding to which he or she may be a party, or may become involved by reason of being or having been a director or officer of the Association. The Association may indemnify its officers and directors to the extent permitted by the Texas Non-Profit Corporation Act.

The Association may purchase and maintain insurance on behalf of any director or officer or may enter into other arrangements, such as creating a trust fund, establishing a form of self-insurance, or establishing a letter of credit, guaranty or surety arrangement, in connection with indemnification of directors and officers, provided, however, that in no event shall the grant of a security interest or other lien on the assets of the Association ever be given to secure an indemnity obligation under this Section 5.05.

Section 5.06. Compensation and Loans. No director shall receive compensation for any service such director may render to the Association. However, directors shall be reimbursed for actual expenses incurred in the performance of his or her duties of office. No loans may be made by the Association to any officer or director of the Association.

Section 5.07. Action Without Meeting and Telephone Meetings. 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. The Board may hold duly called meetings between directors by conference, telephone or other similar communications equipment by means of which all participants in the meeting can hear each other.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

Section 6.01. Nominations. Nominations for election to the Board 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, and two or more Members. The Nominating Committee shall be appointed by the Board not less than thirty (30) days 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 as it in its discretion shall determine, but not less than the number of vacancies that are to be filled. Such nominations must be made from Owners or, where such Owner is not an individual person, an officer, director, shareholder, partner or representative of an Owner.

Section 6.02. Election of Board. The initial Board shall be set forth in the Articles of Incorporation of the Association. The first election of the Board shall be conducted at the first meeting of the Association. All positions on the Board shall be filled at that election. Thereafter, directors shall be elected by Members at the annual meeting. At such elections 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 VII MEETINGS OF DIRECTORS

Section 7.01. Regular Meetings. Regular meetings of the Board shall be held quarterly annually at such place within the State of Texas, and at such hour as may be fixed from time to time by resolution of the Board. If the meeting date falls upon a Saturday, Sunday or legal holiday, then that meeting shall be held at the same time on the next day which is not a Saturday, Sunday or legal holiday. Notice of the agenda and place of meeting shall be delivered either personally, by mail, by telephone, telegraph or facsimile communication equipment to the Board members not less than four (4) days prior to the meeting. However, notice of a meeting need not be given to Board members who have signed a waiver of notice or a written consent to the holding of the meeting. Attendance in person at a meeting, except where such director attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened, shall constitute waiver of notice and such director's consent to the holding of said meeting. Participation by a director in a meeting by telephone or similar communication equipment shall constitute waiver of notice and attendance in person at such meeting.

Section 7.02. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President or by any two (2) directors other than the President. The

notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all directors by mail not less than three (3) days prior to the scheduled time of the meeting, provided that notice of the meeting need not be given to Board members who have signed a waiver of notice or a written consent to the holding of the meeting. An officer of the Association shall make reasonable efforts to notify all directors of the meeting by telephone. Attendance in person at a meeting, except where such director attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened, shall constitute waiver of notice and such director's consent to the holding of said meeting. Participation by a director in a meeting by telephone or similar communication equipment shall constitute waiver of notice and attendance in person at such meeting.

Section 7.03. Quorum. A majority of the total number of directors constituting the Board shall constitute a quorum for the transaction of business. Every act performed or decision 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.

Section 7.04. Open Meetings. 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 expressly so authorized by a majority of a quorum of the Board.

Section 7.05. Executive Session. The Board may, with approval of a majority of a quorum of the Board, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, disciplinary matters, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 7.06. Action Without Meeting and Telephone Meetings. The Board may take actions without a meeting if all of its members consent in writing to the action to be taken and may hold duly called meetings between directors by conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting shall constitute presence in person at such meeting, except where a person participates in such meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

If the Board takes an action by unanimous written consent, an explanation of the action taken shall be sent by mail to all directors within three (3) days after the written consent of all directors have been obtained.

ARTICLE VIII GENERAL POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.01. Powers and Duties. The affairs of the Association shall be conducted by the Board. In addition to the powers and duties enumerated in the Declaration or elsewhere herein, and without limiting the generality thereof, the Board, for the mutual benefit of the Members, shall have the powers and/or duties set forth in the Declaration and the following powers and/or duties:

- (a) If, as and when the Board, in its sole discretion, deems necessary it may take such action to enforce the terms and provisions of the Declaration, the Articles of

Incorporation and these Bylaws by appropriate means and carry out the obligations of the Association thereunder, including without limitation, the expenditure of funds of the Association, the employment of legal counsel and accounting services, the commencement of legal causes of action, the promulgation and enforcement of the Association rules which may include the establishment of a system of fines and/or penalties enforceable as special individual assessments as provided in the Declaration and to enjoin and/or seek legal damages from any Owner for violation of such provisions or rules;

(b) To contract for and maintain such policy or policies of insurance as may be required by the Declaration or as the Board deems necessary or desirable in furthering the purposes of and protecting the interest of the Association and its Members;

(c) To enter into contracts for legal and accounting services, maintain one or more bank accounts, and generally, to have the powers necessary or incidental to the operation and management of the Association;

(d) If, as and when the Board, in its sole discretion, deems it necessary it may, but shall not be obligated to, sue and defend in any court of law on behalf of the Association or one (1) or more of its Members;

(e) To establish and maintain a working capital and/or contingency fund in an amount to be determined by the Board;

(f) To make reasonable rules and regulations for the operation and use of the Improved Roadway and to amend same from time to time;

(g) To make an unaudited annual report available (within one hundred twenty (120) days after the end of each fiscal year) to each Owner;

(h) Subject to the terms of the Declaration, to adjust the amount, collect and use any insurance proceeds to cover any insured liability of the Association;

(i) To delegate its powers and duties to committees, officers or employees as provided in these Bylaws, employ a manager or other persons and contract with independent contractors or managing agents who have professional experience to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or entity appointed as a manager or managing agent shall be terminable with or without cause on not more than ninety (90) days written notice by the Association and shall have a term of not more than one (1) year with successive one (1) year renewal periods upon the mutual agreement of the parties;

(j) To suspend the voting rights of any Owners who have failed to pay their assessments or who have otherwise violated the Declaration, these Bylaws or the rules and regulations of the Association;

(k) To 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 twenty-five percent (25%)

or more of the outstanding votes of the Members, regardless of class.

- (l) To elect the officers of the Association, as provided in these Bylaws;
- (m) To fill vacancies on the Board, in accordance with Section 5.04(a) hereof; and
- (n) Generally, to have the powers necessary or incidental to the operation and management of the Association.

Section 8.02. Contracts Terminable. So long as there exists any Class B membership, the Board shall not enter into any contracts or agreements unless such contracts or agreements are terminable by the Board upon ninety (90) days prior written notice or less.

ARTICLE IX OFFICERS AND THEIR DUTIES

Section 9.01. Enumeration of Officers. The officers of the Association shall be as follows:

- (a) A President, who shall at all times be a member of the Board;
- (b) A Vice President, who shall at all times be a member of the Board;
- (c) A Secretary, who may or may not be a member of the Board;
- (d) A Treasurer, who may or may not be a member of the Board; and
- (e) Such other officers, who may or may not be members of the Board, as the Board may from time to time by resolution create.

Section 9.02. Multiple Offices. The offices of President and Secretary may be held by the same person.

Section 9.03. Election of Officers. At its organizational meeting following the incorporation of the Association, the directors shall elect officers. Thereafter, the election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 9.04. Term. The officers shall be elected annually by the Board and each shall hold office for one (1) year unless an officer shall sooner resign, be removed, or otherwise become disqualified to serve.

Section 9.05. Special Appointments. The Board may elect such other officers or appoint such other agents 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 9.06. Resignation and Removal. Any officer may be removed from office by the Board with or without cause. 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 9.07. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the replaced officer.

Section 9.08. Duties. The duties of the officers are as follows:

(a) **President.** The President shall (i) preside at all meetings of the Board; (ii) see that orders and resolutions of the Board are carried out; (iii) sign all contracts, leases, mortgages, deeds and other written instruments; provided, however, that any duly authorized officer may sign checks and promissory notes; and (iv) shall perform such other duties as may be required by the Board.

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

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

(d) **Treasurer.** The Treasurer shall (i) receive and deposit in appropriate bank accounts all monies of the Association; (ii) disburse such funds as directed by resolution of the Board; (iii) maintain the financial records of the Association; and (iv) perform such other duties of a similar nature as may be required by the Board.

ARTICLE X COMMITTEES

An Architectural Control Committee shall be established, as provided in the Declaration under Article Two. The provisions of Article Two of the Declaration specifically set forth the rights, duties, obligations, responsibilities and liabilities of the Architectural Control Committee and its members and those provisions are incorporated herein by reference for all purposes. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the name of the Association.

ARTICLE XII BOOKS AND RECORDS

Section 12.01. Inspection by Members. The membership register, books of account and minutes of meetings of the Members, of the Board and of committees shall be made available for inspection and copying by any Member or by the Member's appointed representative, at any reasonable time and for a purpose reasonably related to the Member's interest, at the office of the Association or at such other place as the Board may designate.

Section 12.02. Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (b) Hours and days of the week when such an inspection may be made; and
- (c) Payment of the cost of reproducing copies of requested documents.

Section 12.03. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical property owned by the Association. The rights of inspection by a director includes the right to make extra copies of documents.

ARTICLE XIII ASSESSMENTS

The provisions of the Declaration specifically set forth the rights, obligations and liabilities of the Association and its Members relative to the levy, collection and use of assessments and those provisions are incorporated herein by reference for all purposes.

ARTICLE XIV INDEMNIFICATION

Subject to the provisions of Article 1396-2.22A of the Texas Non-Profit Corporation Act, the Association may indemnify directors, officers, agents and employees as follows:

1. Extent.

- (a) Statutorily Required Indemnification. The Association shall indemnify its directors and officers against reasonable expenses incurred in connection with a proceeding in which the director or officer is named as a defendant or respondent because he is or was a director or officer of the Association if he has been wholly successful, on the merits or otherwise, in the defense of the proceeding. The Association may, at the direction and in the sole discretion of the Board, pay for or reimburse the director or officer for the payment of his reasonable expenses in advance of the final disposition of the proceeding, provided that the Association receives in writing (i) an affirmation by the director or officer of his good faith belief that he has met the standards of conduct necessary for indemnification under Article 1396-22.2A of the Texas Non-Profit Corporation Act, and (ii) an undertaking by or on behalf of the director or officer to repay the amount paid or reimbursed if it is ultimately

determined such standards of conduct have not been met.

(b) Permitted Indemnification. The Association, at the direction of and in the sole discretion of the Board, shall have the right, to such further extent as permitted by law, but not the obligation to indemnify any person who (i) is or was a director, officer, employee, or agent of the Association, or (ii) while a director, officer, employee, or agent of the Association, is or was serving at its request as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

2. **Insurance.** The Association may purchase and maintain insurance or another arrangement on behalf of any person who is or was a director, officer, employee, or agent of the corporation or who is or was serving at its request as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the Association would have the power to indemnify him against that liability pursuant to the provisions of the Texas Non-Profit Corporation Act. Furthermore, the Association may, for the benefit of persons indemnified by the Association, (i) create a trust fund; (ii) establish any form of self-insurance, (iii) secure its indemnity obligation by grant of a security interest or other lien on the assets of the Association; or (iv) establish a letter of credit, guaranty, or surety arrangement.

ARTICLE XV AMENDMENTS

These Bylaws or the Articles of Incorporation may be amended at a regular or special meeting of the Members by a vote (in person or by proxy) or written consent, as provided in Section 4.06 of these Bylaws; provided, however, until such time as the Declarant shall have agreed in writing, the Association shall not amend these Bylaws or the Articles of Incorporation.

Further provided, Declarant, at its sole discretion and without a vote or the consent of any other party, may modify, amend or repeal these Bylaws or the Articles of Incorporation: (i) at any time prior to the conveyance of the first Lot; (ii) as necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation or judicial determination; (iii) as necessary to comply with the requirements of the VA, HUD (Federal Housing Administration), FHLMC or FNMA or any other applicable governmental agency or secondary mortgage market entity; or (iv) as necessary to clarify or to correct technical, typographical or scrivener's errors; provided, however, any amendment pursuant to clause (ii), (iii) and/or (iv) immediately above must not have a material adverse effect upon any right of any Owner. Any amendment to these Bylaws or the Articles of Incorporation shall be effective upon Recording. Notwithstanding anything to the contrary, for a period of five years from the date hereof, no amendment, modification or repeal of these Bylaws or the Articles of Incorporation shall be effective without the written consent of Ryland Homes of Texas, Inc. ("Ryland"). Ryland is a third-party beneficiary of these provisions.

ARTICLE XVI

MISCELLANEOUS

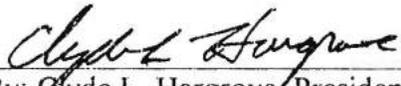
Section 16.01. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

Section 16.02. Interpretation. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in the case of any conflict between the Declaration and the laws of the State of Texas governing non-profit corporations, the laws of the State of Texas shall control; provided, however, to the extent reasonably practical, the Articles of Incorporation, Bylaws and Declaration shall be construed and interpreted together as consistent and non-conflicting documents, such being the intent thereof.

CERTIFICATION

I, the undersigned, am the duly elected and acting President of GARDEN VALLEY RANCH HOMEOWNERS ASSOCIATION, INC., a non-profit corporation, and I do hereby certify:

That the within and foregoing Bylaws were adopted as the Bylaws of said corporation that the same do now constitute the Bylaws of said corporation, and that they have not been modified, amended nor rescinded.


By: Clyde L. Hargrove, President

ARTICLES OF INCORPORATION

The article of incorporation, or "corporate charter" is the document that formally establishes the entity responsible for the maintenance, management and operation of the community property and the community concept. This entity is the homeowners association. The articles of incorporation provide the framework for the association's organization, they define its membership and the voting rights of its members, and they create the officers and directors who will act on behalf of the organization. The charter establishes the association's responsibility to administer to the shared community facilities and to promote and preserve harmony and uniformity within the residential community.

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Roger Williams
Secretary of State

Office of the Secretary of State

**CERTIFICATE OF INCORPORATION
OF**

**Garden Valley Ranch, Homeowners Assn. Inc
Filing Number: 800551273**

The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above named corporation have been received in this office and have been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

Issuance of this Certificate of Incorporation does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 09/28/2005

Effective: 09/28/2005



A handwritten signature in black ink that reads "Roger Williams".

Roger Williams
Secretary of State

FROM :

FAX NO. : 4693844653

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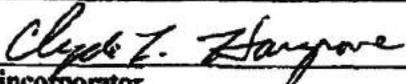
<p>Form 202 (revised 9/05)</p>	<p>This space reserved for office use.</p>
<p>Return in Duplicate to: Secretary of State P.O. Box 13697 Austin, TX 78711-3697 FAX: 512/463-5700 Filing Fee \$25</p>	<div style="text-align: center;">  <p>Articles of Incorporation Pursuant to Article 3.02 Texas Non-Profit Corporation Act</p> </div> <div style="text-align: right; margin-top: 20px;"> <p>FILED In the Office of the Secretary of State of Texas SEP 28 2005 Corporations Section</p> </div>

<p>Article 1. Corporate Name</p>			
<p>The corporation formed is a non-profit corporation. The name of the corporation is as set forth below:</p>			
<p>Garden Valloy Ranch, <i>HOMEOWNERS ASSN. INC</i></p>			
<p>The name must not be the same as, deceptively similar to or similar to that of an existing corporate, limited liability company, or limited partnership name on file with the secretary of state. A preliminary check for "name availability" is recommended.</p>			
<p>Article 2. Registered Agent and Registered Office</p>			
<p><input checked="" type="checkbox"/> A. The initial registered agent is a corporation (cannot be corporation named above) by the name of:</p>			
<p>OR Lone Star Association Management, Inc.</p>			
<p><input type="checkbox"/> B. The initial registered agent is an individual resident of the state whose name is set forth below.</p>			
First Name	M.I.	Last Name	Suffix
<p>C. The business address of the registered agent and the registered office address is:</p>			
Street Address	City	TX	Zip Code
2500 Legacy Drive, Suite 220	Frisco		75034
<p>Article 3. Management of the Corporation</p>			
<p>A. <input type="checkbox"/> Management of the affairs of the corporation is to be vested in the members of the corporation.</p>			
<p>OR</p>			
<p>B. <input checked="" type="checkbox"/> Management of the affairs of the corporation is to be vested in its board of directors. The number of directors, which must be a minimum of three, that constitutes the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting or until their successors are elected and qualified are set forth below:</p>			
Director 1: First Name	M.I.	Last Name	Suffix
Clyde	L.	Hargrove	
Street Address	City	State	Zip Code
1350 Moorland Road	Lancaster	Texas	75146
Director 2: First Name	M.I.	Last Name	Suffix
Madeline	J	Hargrove	
Street Address	City	State	Zip Code
1350 Moorland Road	Lancaster	Texas	75146
Director 3: First Name	M.I.	Last Name	Suffix
Cascy	P	Hargrove	
Street Address	City	State	Zip Code
104 Bob White Drive	Red Oak	Texas	75154

FROM :

FAX NO. : 4693844653

Sep. 26 2005 12:13PM P3

Article 4 - Organizational Structure			
<input checked="" type="checkbox"/> A: The corporation will have members.		<input type="checkbox"/> B: The corporation will not have members.	
Article 5 - Duration			
The period of duration is perpetual.			
Article 6 - Purpose			
The corporation is organized for the following purpose or purposes: Homeowner's Association			
Supplemental Provisions - Information			
Text Area			
[The attached addendum are incorporated herein by reference.]			
Incorporator			
The name and address of the incorporator is set forth below.			
Name Clyde L. Hargrove			
Street Address 1350 Moorland Road	City Lancaster	State Texas	Zip Code 75146
Effectiveness of Filing			
<input checked="" type="checkbox"/> This document will become effective when the document is filed by the secretary of state.			
OR			
<input type="checkbox"/> This document will become effective at a later date, which is not more than ninety (90) days from the date of its filing by the secretary of state. The delayed effective date is			
Execution			
The undersigned incorporator signs these articles of incorporation subject to the penalties imposed by law for the submission of a false or fraudulent document.			
			
Signature of incorporator			