

Declarant shall be and become a Class B Member with respect to the real property owned by it within the Properties, as such Properties have been expanded or increased by the annexation, merger or consolidation. The Declarant's rights as a Class B Member shall be governed by and set forth in this Declaration and the Articles of Incorporation and Bylaws of the Association, as same may be amended or altered by, and in accordance with, the annexation, merger or consolidation.

2.03 Development of Properties. It is contemplated that the Properties will be developed pursuant to a master concept plan, which may, from time to time, be amended or modified, in which the development of and restrictions upon each portion thereof will benefit each other portion and the whole thereof. As each area is developed or dedicated, Declarant may record one or more supplemental declarations ("Supplemental Declarations") and designate the use, classification and such additional covenants, conditions and restrictions as Declarant may deem appropriate for that area. Any Supplemental Declaration may, but need not, provide for the establishment of a Subassociation to be comprised of Owners within the area subject thereto. Any Supplemental Declaration may provide its own procedure for the amendment of any provisions thereof. All lands, improvements and uses in each area so developed shall be subject to both this Master Declaration and the Supplemental Declaration, if any, for that area.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

3.01 Membership. Every Owner of a Lot shall automatically 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 this Declaration.

3.02 Classes of Membership. The Association shall have two (2) classes of voting membership:

CLASS A. Class A Members shall be all Members with the exception of Class B Members. 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 interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. Class B Members shall be Declarant, any bona fide Owner who owns unplatted property which is subject to this Declaration, and any bona fide Owner who is engaged in the process of constructing a residential dwelling on any Lot for sale to consumers. Declarant shall be entitled to six (6) votes for each Lot owned by all Class B Members and one (1) vote for each 1,000 square feet of unplatted property which is subject to this Declaration owned by all Class B Members. Class B Members other than Declarant shall be non-voting Members of the Association. The Class B membership shall cease, and each Class B Member shall become a Class A Member, upon the earlier to occur of the following:

(i) when the total number of votes outstanding in the Class A membership is eight (8) times greater than the total number of votes outstanding in the Class B membership; or

(ii) when Declarant no longer owns record title to any portion of the Properties; or

(iii) on the twentieth (20th) anniversary of the date this Declaration was recorded in the Office of the County Clerk of Denton County, Texas.

Notwithstanding the voting rights within the Association, until the Declarant no longer owns record title to any portion of the Properties or the twentieth (20th) anniversary of the date this Declaration was recorded in the Office of the County Clerk of Denton County, Texas, whichever occurs first in time, the Association shall take no action with respect to any matter whatsoever without the prior written consent of the Declarant.

Owners of exempt properties as described in Section 5.11 hereof shall be Members but shall not have voting rights.

3.03 Quorum, Notice and Voting Requirements.

(a) Subject to the provisions of Paragraph (c) of this Section, any action taken at a meeting of the Members 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 meeting duly called, written notice of which shall be given to all Members not less than ten (10) days nor more than fifty (50) days in advance.

(b) The quorum required for any action referred to in Paragraph (a) of this Section shall be as follows:

The presence at the initial meeting of Members entitled to cast, or of proxies entitled to cast, a majority of the votes of all Members, regardless of class, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Bylaws or this Declaration or as provided by the laws of the State of Texas. If the required quorum is not present or represented at the meeting, one additional meeting may be called, subject to the notice requirement herein set forth, 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) As an alternative to the procedure set forth above, any action referred to in Paragraph (a) of this Section may be taken without a meeting if a consent in writing, approving of the action to be taken, shall be signed by all Members.

(d) Except as otherwise specifically set forth in this Declaration, notice, voting and quorum requirements for all actions to be taken by the Association shall be consistent with its Articles of Incorporation and Bylaws, as same may be amended from time to time.

(e) During the period of time that the Association is unincorporated, the Declarant shall have the sole right and option to prescribe reasonable procedures for the meetings (if any) of the Members; provided, however, that prior to incorporation, without the written approval of the Declarant, no Member (other than Declarant) shall have a right to vote on any matter, or to call any meetings of the Members. Except as specifically set forth in this Declaration, notice, voting and quorum requirements for all action to be taken by the Association (as an incorporated entity) shall be consistent with its Articles of Incorporation and Bylaws, as same may be amended from time to time.