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RESERVES AMENDMENT

(Amends Declaration of Covenants, Conditions & Restrictions)

RECITALS

A. Savannah Properties Associates, L.P., a Delaware limited partnership (the "**Declarant**"), is the developer of Savannah, a planned development in Denton County, which is subject to the Declaration of Covenants, Conditions & Restrictions for Savannah, recorded on October 24, 2003, as Document No. 2003-R0176314, in Volume 5546, Page 2083, Real Property Records, Denton County, Texas, as amended by the instruments recorded on April 8, 2004, as Document No. 2004-44149, and on October 8, 2004, as Document No. 2004-132941 (collectively, the "**Declaration**").

B. Pursuant to the authority granted to Declarant by Section C.3.10 of Appendix C of the Declaration, Declarant hereby amends the Declaration to clarify and reinforce the provisions pertaining to the Association's reserve funds, as follows.

AMENDMENTS

1. The introductory sentence of Section 8.11 of the Declaration, titled "Home Resales," is hereby amended and restated in its entirety as follows: *(new text is emphasized)*

8.11 **HOME RESALES.** This Section applies to every sale or conveyance of a lot or an interest in a lot after the first conveyance of a lot on which a house has been constructed.

2. Subsection 8.11.3 of the Declaration, titled "Savannah Proud Fee," is hereby amended by renumbering the subsection as 8.11.3-A.

3. Section 8.11 of the Declaration, titled "Home Resales," is hereby amended by the addition of the following Subsection 8.11.3-B, titled "Transfer Reserve Contribution," to follow immediately after Subsection 8.11.3-A:

8.11.3-B. Transfer Reserve Contribution. At time of transfer, a nonrefundable fee in the amount of \$150 will be paid to the Association for the Association's reserve funds. The fee may be paid by the seller or buyer, and will be collected at closing. If the fee is not collected at closing, the buyer remains liable to the Association for the fee until paid. The Transfer Reserve Contribution is not refundable and may not be regarded as a prepayment of or credit against regular or special assessments.

4. The opening paragraph of Section 9.8 of the Declaration, titled "Reserve Funds," is hereby amended and restated in its entirety as follows: *(new text is emphasized)*

9.8 RESERVE FUNDS. The Association will establish, maintain, and accumulate reserves for operations and for replacement and repair of the common areas. The Association must budget for reserves and may fund reserves out of regular assessments. The categories, priorities, amounts, scheduling, use, and sufficiency of reserve funds are at all times entirely within the discretion of the board. Having provided mechanisms in this Declaration for funding reserves, Declarant has no obligation to contribute money to the Association's reserve accounts.

5. The introductory paragraph of Section 9.9 of the Declaration, titled "Savannah Proud Fund," is hereby amended and restated in its entirety as follows: *(new text is emphasized)*

9.9. SAVANNAH PROUD FUND. The Association will maintain a separate fund to pay for activities that, directly or indirectly, (1) contribute to the quality of community life in Savannah, (2) promote Savannah as a desirable place to live, and/or (3) support the resale market for Savannah homes. Examples of activities include, but are not limited to, holiday parties, social events, welcoming of new residents, sports leagues, recycling programs, participation in civic activities, functions for real estate brokers, and electronic newsletters. The Fund may be used to pay personnel to organize and administer the activities. The uses, priorities, amounts, scheduling, and sufficiency of the Savannah Proud Fund are at all times entirely within the discretion of the board. Having provided mechanisms in this Declaration for funding the Savannah Proud Fund, Declarant has no obligation to contribute money to the Savannah Proud Fund. The Savannah Proud Fund has the following sources of income:

6. Section C.5 of Appendix C of the Declaration, titled "Initial Reserve Funds," is hereby amended and restated in its entirety as follows:

C.5. INITIAL RESERVE FUNDS. Declarant will establish a reserve fund for the Association by requiring Builders and initial home purchasers to each make a contribution to this fund, subject to the following conditions:

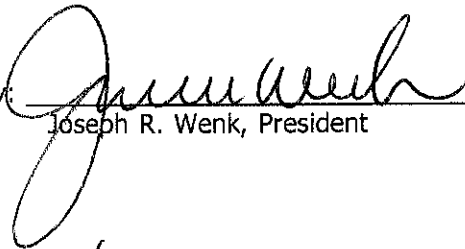
- a. Contributions to the fund are not advance payments of regular assessments and are not refundable to the contributor by the Association or Declarant.
- b. The amount of the Builder's contribution will be \$200.00 per lot, and will be collected from the Builder on the closing of the sale of the lot to an owner other than Declarant, a Successor Declarant, or a Builder. If the Builder's reserve fund contribution is not collected from the Builder at closing, neither Declarant nor the purchaser is thereafter liable for the contribution. The Builder remains liable to the Association for the reserve fund contribution.

- c. The amount of the purchaser's contribution will be \$120.00 per lot, and will be collected from the purchaser at closing. If the purchaser's reserve fund contribution is not collected at closing, neither Declarant nor the Builder is thereafter liable for the contribution. The purchaser remains liable to the Association for the reserve fund contribution.
- d. The initial home purchaser is not required to make the lot's contributions to the Savannah Proud Fund.
- e. Declarant will transfer the balance of the initial reserve fund to the Association on or before termination of the Declarant Control Period. Declarant may not use the fund to defray Declarant's expenses or construction costs.

SIGNED on the 21 day of February 2005.

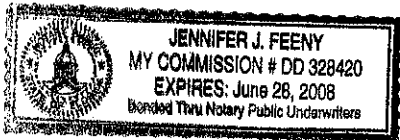
SAVANNAH PROPERTIES ASSOCIATES, L.P., a Delaware limited partnership

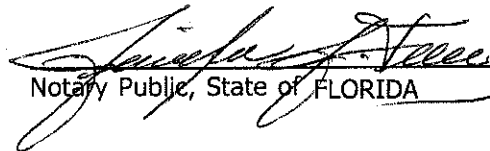
By: **FIRST REGENCY ENTERPRISES, INC.**, a Delaware corporation, its general partner

By: 
 Joseph R. Wenk, President

STATE OF FLORIDA §
 §
 COUNTY OF COLLIER §

This instrument was acknowledged before me on the 21 day of February 2005 by Joseph R. Wenk, President of First Regency Enterprises, Inc., a Delaware corporation, on behalf of the corporation in its capacity as general partner of Savannah Properties Associates, L.P., a Delaware limited partnership, on behalf of the limited partnership.




 Notary Public, State of FLORIDA

After recording, please return to:
 Cheryl Moczygemba
 8222 Douglas Avenue, Suite 660
 Dallas, Texas 75219

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



Instrument Number: 2005-30658

Recorded On: March 16, 2005
As
Amendment

Parties: SAVANNAH PROPERTIES ASSOCIATES LP
To

Billable Pages: 4
Number of Pages: 4

Comment:

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

Amendment 20.00
Total Recording: 20.00

******* 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.

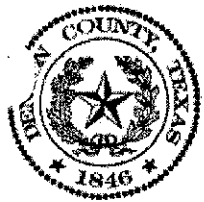
File Information:

Document Number: 2005-30658
Receipt Number: 178385
Recorded Date/Time: March 16, 2005 03:44P

Record and Return To:

CHERYL MOCZYGEMBA
8222 DOUGLAS AVE STE 660
DALLAS TX 75219

User / Station: B Smithers - Cash Station 3



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.

C. Mitchell
County Clerk
Denton County, Texas