

BAY BLUFF ESTATES, PHASE I, LAKE ATHENS, TEXAS

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Preamble

This Declaration of Covenants, Conditions and Restrictions is made on _____, by _____, Inc., Declarant, and _____, Lot Owners, whose mailing address is _____.

Recitals

1. Declarant and Lot Owners are the Owners of all that certain real property "the Property" located in Henderson County, Texas, described as follows: acres in the _____ Survey, _____ and Henderson County, Texas as more particularly described in the Plat of Subdivision recorded in _____, Slide _____, of the Plat Records of Henderson County, Texas.

2. The Declarant has devised a general plan for the entire Property as a whole, with specific provisions for particular parts and parcels of the Property. This general plan provides a common scheme of development designed to protect and safeguard the property over a long period.

3. This general plan will benefit the Property in general, the parcels and lots that constitute the Property, the Declarant, and each successive Owner of an interest in the Property.

4. There, in accordance with both the doctrines of restrictive covenant and implied equitable servitude, the Declarant desires to restrict the Property according to these covenants, conditions, and restrictions in furtherance of this general development plan.

NOW, THEREFORE, it is declared that all of the Property shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions:

ARTICLE 1

Definitions

Developer

1.01. "Developer" means Declarant and its successors.

Lot

1.02. "Lot" means any of the plots of land shown on the plat and subdivision map recorded in Cabinet E, Slide 20, of the Plat Records of Henderson County, Texas (the "Map"), on which there is or will be built a single family dwelling. The term "Lot" does not include the Common Area.

Owner

1.03. "Owner" means the record Owner or Owners of the fee simple title to any Lot or portion of a Lot in the Property on which there is or will be built a detached single family dwelling. "Owner" includes contract sellers but excludes persons having only a security interest.

Qualified Person

1.04. A "qualified person" means a person who is an Owner, developer, or licensed architect.

Common Area

1.05. "Common Area" means the entire Property, including Lot 1, the Lots, subject to all easements and rights described in this Declaration.

Association

1.06. "Association" means an incorporated association consisting of all Owners, which shall have the duty of maintaining, operating, and managing the Common Area as provided in this Declaration. Each Owner shall become a member of the Association contemporaneously with acquiring a Lot, without any further documentation of any kind.

Board

1.07. "Board" means the Board of Directors of the Association.

Article 2

Architectural Control

Architectural Control Committee

2.01. Developer shall designate and appoint an Architectural Control Committees consisting of not less than three (3) qualified persons, which shall serve at the pleasure of the Developer. After the Developer no longer owns any Lot, the Architectural Control Committee shall serve at the pleasure of the Board.

Approval of Plans and Specifications

2.02. The Architectural Control Committee must review and approve in writing all the following projects on the Property:

- (a) Construction of any building, fence, wall, or other structure.
- (b) Any exterior addition, change, or alteration in any building, fence, wall or other structure.
- (c) Any landscaping or grading of any Lot or Lots.

Application for Approval

2.03. To obtain approval to do any of the work described in Paragraph 2.02, an Owner must submit an application to the Architectural Control Committee showing the plans and specifications for the proposed work. Such plans and specifications shall detail the nature, shape, height, materials, color and location of the proposed work.

Standard for Review

2.04. The Architectural Control Committee shall review applications for proposed work in order to (1) ensure conformity of the proposal with these covenants, conditions, and restrictions and (2) ensure harmony of external design in relation to surrounding structures and topography. An application can be rejected for providing insufficient information. The Committee shall have broad, discretionary authority to interpret and apply these standards. In rejecting an application, the Committee should detail the reasons for rejection and suggest how the applicant could remedy the deficiencies.

Failure of Committee to Act

2.05. If the Architectural Control Committee fails either to approve or reject an application for proposed work within sixty (60) days after submission, the

Committee approval shall not be required, and the applicant shall be deemed to have fully complied with this Article.

ARTICLE 3

Exterior Maintenance

3.01. If an owner of any Lot fails to maintain the premises in a neat and orderly manner, the Developer or the Architectural Control Committee shall have the right, Through its agents and employees, to enter the Lot in order to repair, maintain, and restore the Lot, including landscaping, and the exterior of any buildings and other improvements located on the Lot, all at the expense of the Owner.

ARTICLE 4

Use Restrictions and Architectural Standards

4.01. Each Lot shall have an area 35' from each side Lot line and 50' from the front and rear property lines which will be designated a no cut zone. Except for the Developer, no Owner is permitted to cut trees six inches in diameter at a height of four feet about ground level that are located within the no cut zone. The purpose of the no cut zones shall be to (1) enhance the privacy of each Lot by providing a visual and noise barrier from adjoining Lots or streets (2) provide natural habitat for wildlife and (3) to preserve the natural rural character and beauty of the area. The trees in the no cut zones may not be removed without the approval of the Architectural Control Committee or unless such removal is necessary for the construction of utilities or driveways across the no cut zones. The Architectural Control Committee in its sole and exclusive discretion may grant variances to the no cut zone requirement if (1) necessary to enhance the view from a residence, lake, or Lot, or (2) certain undesirable trees begin to dominate or become unsightly.

4.02. No residential structure or any other improvement other than driveway access shall be located on any Lot nearer than 75' to the front, 5' to the back property lines, and 10' to the side property lines. Steps, screened porches, storage rooms, stoops, servant's quarters and guest houses shall be considered as part of a residential structure or other improvement. This Covenant shall not be construed to permit any portion of a building foundation in a Lot to encroach upon an easement. The primary residential building on any Lot shall face the front of the Lot, except as otherwise approved by the Architectural Control Committee.

4.03. No Lots, once sold by the Developer may be divided or subdivided, except Lot 14. However, the Developer or its successors-in-title may divide or subdivide any or all of said land prior to being sold by them. In the event any tract, or tracts, of land are re-divided, these covenants, conditions and restrictions shall apply to any such divided tract or tracts of land. Lot 14 may not be divided or subdivided into tracts less than one (1) acre. All Lots shall be kept at all times in a neat, attractive, healthful and sanitary condition, and the Owner as occupant of all Lots shall keep all weeds and grass thereon cut and shall in no event use any Lot for storage of materials or equipment except for normal residential requirements or permit the accumulation of garbage, trash or rubbish of any kind thereon.

4.04. No wind generators shall be erected or maintained on any Lot if said wind generator is visible from any other Lot or street.

4.05. No solar collector shall be installed without the prior written approval of the Architectural Control Committee. If allowed by the Architectural Control Committee, solar collectors shall be installed in a location not visible from the street in front of the residence.

4.06. No building shall be located over, under, upon or across any portion of any utility easement, however, the Owner of each Lot shall have the right to construct, keep and maintain drives or walks and similar improvements on any utility easements on the Lot subject to the prior approval of the Architectural Control Committee and shall be entitled to cross such easements at all times for the purpose of gaining access to and from such Lots. Any such improvements placed upon such utility easement by the Owner shall be constructed, maintained and used at Owners risk and, as such, the Owner of each Lot shall be responsible for (1) any and all repairs to driveways, walkways, and steps which cross or are located upon such utility easements and (2) repairing any damage to said improvements caused by the public utility or other beneficiary of such easements in the courses of installing, operating, maintaining, repairing, or removing its facilities located within the utility easements. The Owner of each Lot shall indemnify and hold harmless Developer from any loss, expense, suit or demand resulting from injuries to persons or damage to property in any way occurring, incident to, arising out of, or in connection with said Owners installation, maintenance, repair or removal of any permitted improvements located within utility easements.

407. All dwellings will be single family residential only, a private garage (or other covered and enclosed parking facility), barns, bona fide servant's quarters and guest houses and other improvements related to or required for residential use. As used herein, the term "residential purposes" shall be construed to prohibit mobile homes or trailers being placed on Lots or the use of said Lots for duplex houses, condominiums, townhouses, garage apartments or apartment houses; and no Lot shall be used for business, educational, or professional purposes of any kind whatsoever, any commercial or manufacturing purposes nor for any commercial use of a residential nature (e.g., as a boarding house, day care facility, half-way house, nursing home, bed and breakfast or hotel). Notwithstanding the foregoing, the prohibition of use of any Lot for

any business or commercial purpose is not intended to preclude operation of a business in a property used primarily as a residence as long as the business otherwise complies with the other restrictions and there are no exterior signs advertising the business, the business does not attract pedestrian or vehicular customers at the residence and the business is otherwise no apparent or visible from the exterior of the property and does not interfere with the residential character of the subdivision. No permanent structure of any kind or character shall ever be moved into any Lot within the subdivision. No portable buildings of type or character shall be moved or placed upon any Lot. Prior to the commencement of the construction of any improvements within the subdivision, each improvements of every type and character, whether attached to or detached from the main residential structure or garage constructed on the Lots, must be approved by the Architectural Control Committee.

4.08. No building or residence or improvements on any Lot in the property shall exceed two and one-half (2-1/2) stories in height or 35 feet in height (as measured from the ground at the lowest portion of the foundation visible above the ground). The primary residential building of any single story residence shall contain not less than 2,200 square feet of living area, and the primary residential building of any two or two and one-half story residences shall contain not less than 2,600 square feet of living area. Any one half story of a residence must be within the peaked roofline of a one or two story residence, as the case may be. Any servant's quarter structures or guest houses will not exceed the main residence and will not have a floor area greater than 50% of the floor area of the main residence. All computations of living area shall be exclusive of attics, basements, open or screened porches, terraces, patios, driveways and garages, detached servants quarters or detached guest houses.

4.09. The roof pitch of all homes will be a minimum of 8/12.

4.10. Satellite Dishes may be installed, but only those 18" or smaller in diameter. Dishes may be installed only in the back yard.

4.11. Vegetable Gardens are allowed in back yards only.

4.12. No prefabricated buildings or unsightly structures will be approved.

4.13. Overnight parking in the street is not permitted for any type of vehicle.

4.14. Recreational vehicles and boats must be stored in a garage. These vehicles may not be permanently parked in the driveway, yard or street.

No vehicles or articles deemed to be unsightly by the Architectural Control Committee shall be permitted to remain on any Lots so as to be visible from any other portion of the property or public or private thoroughfares. Without limiting the generality of the foregoing, trailers, graders, trucks, other than pickups, boats, tractors, campers,

wagons, busses, motorcycles, motor scooters and garden maintenance equipment shall be kept at all times, except when actually in use, in enclosed structures or screened from view, and no repair or maintenance work shall be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures.

4.15. All residences must have garages - 2 car minimum. Carports may not be constructed.

4.16. Only in ground swimming pools may be installed. Pools will be installed only in back yards without the permission of the Architectural Control Committee.

4.17. No signs are permitted in yards except real estate signs when homes/lots are being sold.

4.18. Exterior building materials will be brick, wood, stucco or stone, manufactured vinyl or aluminum siding may be used but only with prior approval of the Architecture Control Committee.

4.19. No other roofing material other than standing seam metal roofs, tile, slate, #1 cedar wood shingles or composition shingles not less than 300 lb. May be used.

4.20. Garage sales, yard sales, etc. may only be held on two days each year-the second Saturday in May and the second Saturday in September.

4.21. The construction of all improvements must be completed within one year from the date that construction of that improvement is commenced, subject to major delays which will be beyond the control of Owner. Financial circumstances of Owner shall not be constructed a valid excuse to delay any construction.

4.22. Driveways shall be constructed entirely of concrete, exposed aggregate, brick pavers or asphalt paving unless approved by the Architectural Control Committee when a Lot has frontage on more than one road, the Architectural Control Committee reserves the right to restrict access to one of the streets.

4.23. No wall, fence or planter shall be erected within 10 ft. of the road right-of-way on Lots 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14.

Fencing along the road right-of-way shall be subject to the following condition: Such fencing shall be constructed of metal, board or plastic, but all fencing shall be of the same material and design. All fences to be constructed shall be approved by the Architectural Control Committee.

Fencing on any road right-of-way shall be constructed of metal, board or plastic and shall be approved by the Architectural Control Committee.

Except as above prohibited, fencing on boundary lines will otherwise be permitted subject to the following restrictions: corner posts shall be peeled cedar with a minimum of 8 in. diameter and shall be set in concrete 36 in. deep. Line posts shall be peeled cedar or metal with a minimum spacing of 18 ft.

Fences may be constructed within the no-cut zone for each lot. Such fencing may be cedar board, treated wood, wrought iron, or plastic.

No fencing of any nature shall be more than 54 in. high. Chain link fencing will be allowed only for dog kennels, tennis courts or other similar use. Damage to any fence shall be repaired by Owner within 30 days notice by the Architectural Control Committee.

Entry gates shall be constructed from steel or wrought iron. Only one entry gate shall be allowed from any lot with exception of Lot 14. A second gate may be approved by the Architectural Control Committee if the size and topographic conditions of a lot should reasonably require such installation. All gate designs shall require the approval of the Architectural Control Committee.

4.24. No window or wall type air conditioning unit shall be permitted to be used, erected, placed or maintained in or on any main residence.

4.25. Each kitchen in each residential dwelling shall be equipped with a garbage disposal unit.

4.26. The drying of clothes in public view is prohibited.

4.27. No outside toilets will be permitted, and no installation of any type of device for disposal of sewage will be allowed which would result in raw or untreated or unsanitary sewage being carried in the streets or into any body of water.

4.28. Any improvements within the development that are destroyed partially or totally by fire, storm, or other casualty, shall be repaired or demolished within a reasonable period of time and the Lot and improvements thereon, as applicable, restored to an orderly and attractive condition.

4.29. Swimming in Lake Athens at the common area (Lot 1) shall be prohibited at all times.

4.30. No exterior lighting may be constructed or installed on any Lot without prior written approval of the Architectural Control Committee. The purpose of any restrictions or design guidelines on all exterior lighting in the development shall be to

(1) minimize light pollution of the night sky (2) to minimize the visibility of light sources in the development, and (3) to enhance the aesthetic night time appearance of each Lot.

4.31. No noxious or offensive activity shall be conducted on any Lot which may be or may become an annoyance or a nuisance. No horn, whistle, bell or other sound device, except security and fire devices used exclusively for security and fire purposes, shall be located, used or placed on Lot. Exterior speakers may not be located, used or placed on a Lot that would constitute a nuisance or annoyance. The Board shall have sole and absolute discretion to determine what constitutes a nuisance or annoyance. Activities expressly prohibited, include, without limitation, (1) the performance of work on automobiles or other vehicles upon the Lot or in driveways or streets abutting Lots, (2) the use or discharge of firearms, firecrackers or other fireworks within the development, (3) other activities which may be offensive by reason of odor, fumes, dust, smoke, noise, vision pollution, or which are hazardous by reason of excessive danger, fire or explosion. No Lot shall be used for hunting or for the discharge of rifles, pistols, shotguns or any other firearm.

4.32. Owners must notify the Developer and/or Board or their agents if the improvements on their Lots are leased. Owners must also provide the Developer or their agents with the name of the tenant, a copy of the lease and the current mailing address of the Owner. All tenants and other residents of the Lot are obligated to abide by the regulations and restrictions set forth in the documents.

4.33. No structure of temporary character, whether trailer, basement, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, or other purpose, either temporarily or permanently, provided, however, that the Developer's reserve the exclusive right to erect, place and maintain such facilities in on or upon any portions of the development as in their sole discretion may be necessary to convenient while selling Lots, selling or constructing residences and constructing other improvements within the development. Such facilities may include, but necessarily be limited to sales and construction offices, storage areas, model units, signs, and portable toilet facilities.

4.34. All Owners during construction of a residence or other improvements are required to continuously keep the Lot in a reasonably clean and organized condition. Papers, rubbish, trash, scrap, and unusable building materials are to be kept picked up and hauled from the Lot. All Owners shall keep roads and ditches free from trash. Contractors or Owners must have a port-o-toilet on the Lot sites during construction and remove after construction.

No permanent type trash containers are permitted at the roads. Receptacles placed at street for pick-up must be brought in the same day of pick-up.

4.35. No animals, including pigs, pot bellied pigs, hogs, swine, pigeons, poultry, fowl, wild animals, horses, cattle, sheep, goats or any other type of animal not considered to be a domestic household pet within the ordinary meaning and

interpretations of such words may be kept, maintained or cared for on the property, except Lot 14 where horses may be kept. No animals shall be allowed to make an unreasonable amount of noise, or to become a nuisance, and no domestic pets will be allowed on any portion of the property other than on the Lot of the Owner unless confined to a leash. No animal may be stabled, maintained, kept, cared for or boarded for hire or remuneration on the property and no kennels or breeding operation will be allowed. No animal shall be allowed to run at large and all animals shall be kept within enclosed or fenced areas.

4.36. The Developer contemplates that the roads in the development will be operated as private roads with each Owner having an easement for their use and benefit. Each easement shall include rights of ingress, egress and passage over and along said roads in favor of the Developer, the Owners and their respective legal representatives, successors and assigns, guests, invitees, licensed designees, and the successor-in-title to each Owner and in favor of the invitees and designees of each successor-in-title to each Owner. Developer hereby grants to law enforcement agencies and officers of Henderson County and the State of Texas, other governmental law enforcement bodies, fire department officials and fire protection personnel, vehicles and equipment, ambulances, school buses, Henderson County officials and personnel and other government officials and personnel, rights of ingress and egress and passage over and along said private roads of the development in connection with the performance of their official functions.

Developer will build the roads to county specifications. Two years after completion of said roads, the roads will either be operated as public roads or the property Owners will vote to maintain and keep the roads private. A vote to keep the roads private must require the approval of sixty percent (60%) of the Lot Owners, executed by written instrument, and Lot Owners shall bear their proportionate share of the costs of maintaining, using and operating the roads or other facilities, as the case may be, as to which such right is granted. Such sharing of costs and expenses shall be based upon actual costs of ownership, operation, and maintenance of the roads in question, and shall be borne pro rata by all Owners having the right to make use thereof based upon the number of applicable Lots. The payment of such cost, shall be binding upon all property Owners within the development.

Once constructed, Developer has no further responsibility whatsoever with regard to the surface thereof and /or future maintenance of the roadways, security gates, fencing, or entrance. All purchasers will agree by virtue of the purchase to hold Developer, its successors and assigns harmless from any claim, or claims whatsoever regarding said roadways, security gates, entrance, rights of way including maintenance thereof.

4.37. Developer hereby reserves unto itself, its successors and assigns, guests, invitees and designees a nonexclusive easement, and right-of-way for ingress, egress and parking over, across and through all roadways located in the development.

4.38. No provision of this document of covenants and restrictions shall be construed to prevent or limit Developer's right (or require Developer to obtain any approval) to (1) complete development of this property within the boundaries of the development or any annexable land; (2) construct, altar, demolish or replace improvements on any property owned by the Developer within the development; (3) maintain model homes, storage areas, offices for construction, initial sales, resale or leasing purposes or similar facilities on any property owned by the Developer or owned within the development; (4) post signs incidental to development, construction, promotion, marketing, sales or leasing of the property within the boundaries of the development; or (5) excavate, cut, fill or grade any property within the development owned by the Developer. Additionally, no provision of this document of covenants or restrictions shall require Developer to seek or obtain the approval of the Architectural Control Committee or the Lot Owners for any such activity or improvements on any property owned by the Developer.

4.39. Developer is in the business of selling property to subsequent purchasers and is not in the business of furnishing electrical power, water or other utilities servicing the land. Owner makes no warranties, expressed or implied, with respect to any and all utilities servicing the land being provided to Owners thereof.

4.40. Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Map for Phase I. No utility company, water district, political subdivision, or other authorized entity using these easements shall be liable for any damage done by them or their assigns, agents, employees, or servants, to shrubbery, trees, flowers, or to other property of the Owner situated in the easement.

4.41. No oil well drilling, development, or refining and no mineral quarrying or mining operations of any kind shall be permitted on any Lot. No oil well, tank, tunnel, mineral excavation, or shaft shall be permitted on any Lot. No derrick or other structure designed for use in boring for oil, natural gas, or other minerals shall be erected, maintained or permitted on any Lot.

4.42. In the event of any default by the Owner or other occupant of any Lot in observing the above requirements, which default is continuing after ten (10) days written notice thereof to the Owner or occupant, as applicable, the Developer, Association or their designated agents may, without liability to the Owner, contractor or any occupant of the Lot in trespass or otherwise, enter upon or authorize one or more others to enter upon said Lot, cut, or cause to be cut, such weeds and grass and remove or cause to be removed such garbage, trash and rubbish or do any other thing necessary to secure compliance with Covenants and to place such Lot into a neat, attractive, healthful and sanitary condition and may charge the Owners, commercial builder or occupant of such Lot for the cost of such work and removing such associated materials.

4.43. Mailboxes for use on the property shall be United States standard style No. 1, galvanized steel No. 6210611, mounted in a stone enclosure and base approved by the Architectural Control Committee.

ARTICLE 5

Easements

Reservation of Easements

5.01. All easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Map. Right of use for ingress and egress shall be available at all times over any dedicated easement or alleyway for purposes of installing, operating, maintaining, repairing, or removing any utility or any obstruction placed in such easement or alleyway that would interfere with the installation, maintenance, operation or removal of such utility.

Underground Electrical System

5.02. An underground electricity distribution system shall be installed to serve all Lots in the subdivision. The Owner of each Lot, at the Owner's cost, shall furnish, install, and maintain (all in accordance with the requirements of local governmental authorities and the National Electrical Code) an underground service cable and appurtenances from the meter installed on the Lot by the electric company to such point as may be designated by the company on the property line of the Lot. The company furnishing electric service shall make the necessary connection at the property line and at the meter. Each Owner, at the Owner's cost, shall install, furnish and maintain a meter loop (in accordance with then-current standards and specifications of the electric company) for the residence constructed on the Lot. For as long as underground service is maintained, the electric service to each Lot shall be uniform in character and exclusively of the type known as single-phase 120/240 volt, 3-wire, 60-cycle alternating current.

ARTICLE 6

Association

Creation

6.01. The Owners shall constitute the Association. Each Owner of a Lot, including Developer, shall automatically be a member of the Association. Association membership shall be appurtenant to ownership of a Lot. Ownership of a Lot is the sole criterion of membership in the Association.

Transfer of Membership

6.02. Association membership can be transferred to the grantee of a conveyance of a Lot in fee. Membership shall not be assigned, pledged, or transferred in any other way. Any attempt to make a prohibited transfer shall be void.

Management of Association

6.03. The Association shall be incorporated as a nonprofit corporation. The Association shall be managed by the Board pursuant to the procedures set forth in the Association's articles of incorporation and bylaws, subject to this Declaration.

Membership Voting, Elections, and Meetings

6.04. Each Owner shall have one vote. There shall be at least one meeting of the membership each year. At that meeting, the Owners shall elect a Board consisting of three (3) directors, vote on any other matters the Board chooses to place before the membership, and discuss any matter of Association business that the Board or any Owner wishes to bring before the entire membership.

6.05. Through the Board, the Association shall have the following powers and duties:

- (a) To adopt rules and regulations to implement this Declaration and the Association's by-laws.
- (b) To enforce this Declaration, the by-laws, its rules and regulations.
- (c) To elect officers of the Board and select members of the Architectural Control Committee when that power devolves to the Board.
- (d) To delegate its powers to committees, officers, or employees.
- (e) To prepare a balance sheet and operating income statement for the Association and deliver a report to the membership at its annual meeting.
- (f) To establish and collect regular assessments to defray expenses attributable to the Association's duties to be levied against each Owner, including Developer.
- (g) To establish and collect special assessments for capital improvements and other purposes.
- (h) To file liens against unit Owners because of nonpayment of assessments duly levied and to foreclose on those liens.

- (i) To receive complaints regarding violations of this Declaration, the by-laws, or the rules and regulations.
- (j) To hold hearings to determine whether to discipline Owners who violate this Declaration, the by-laws, or the rules and regulations.
- (k) To give reasonable notice to all Owners of all annual meetings of the membership and all discipline hearings.
- (l) To hold regular meetings of the Board at least quarterly.
- (m) To manage and maintain all of the Common Area in a state of high quality and in good repair.
- (n) To pay taxes and assessments that are or could become a lien on the Common Area.
- (o) To pay the costs of liability insurance and fire insurance on the Common Area and any liability insurance for members of the Board.

Property Owners Association/Commonly Owned Property

6.06. The Association shall be responsible for the maintenance of the roadway and other commonly-owned lands and improvements, as designated on the plat, including the entry gate of the Property. Use of the common facilities within the Property shall be limited to the Lot Owners, their families and guests, including the Owner-Developer (and his guests or invitees) as long as they own one or more Lot (s). Each Owner of a Lot shall have a right and easement of use of the commonly owned land and improvements appurtenant to such Lot. Each Owner of a Lot shall be responsible for any damage caused by such Owner, his family or guest to commonly owned land and improvements.

The Owner-Developer shall convey all portions of the roadway which is not to be a portion of any Lot to the Association. The Association shall be obligated to accept such roadway and shall be responsible for maintenance or repairs on such roadway.

The Association by-laws will provide that its initial board of directors will be composed of three individuals appointed to annual terms by the Owner-Developer. Upon the sale of ten or more Lots by the Owner-Developer, a property owners' meeting will be held to elect a new slate of directors. The directors will carry out the business of the Association in accordance with the by-laws of the Association.

When Developer shall sell Lots, an assessment will be made upon such Lot for the proper maintenance, repair, and replacement of the roads, gate, lighting, and other

improvements relating to the Property, and commonly owned land therein. Such assessment will be fixed by the board of directors of the Association based on an estimate of the annual cost of such maintenance, repair, replacement, insurance and property taxes on such commonly owned property, plus incidental general and administrative costs of the Association. Any special assessments over Two Hundred Fifty Dollars (\$250.00) must be approved by a majority of the members. Reasonable reserves may be established for such purposes. The board of directors may suspend the voting rights of any Owner for unpaid assessments.

The initial assessment shall be Five Hundred and No/100 Dollars (\$500.00) annually per household, and shall accrue from January 1, of every year, payable on or before each December 31. Thereafter, with approval by a majority of the Board, the annual assessment provided for herein may be increased up to 10% per year. Dues shall be payable whether or not a home has been constructed on the Lot (s). Each Owner, by acceptance of a Deed for a Lot, whether or not expressed in such deed, shall be deemed to have consented to pay such assessments. Owner-Developer and Association hereby reserves a vendor' lien against each Lot to secure the payment of assessments, plus any reasonable court costs and attorney's fees incurred in connection with the collection of same. Such lien may be enforced by appropriate judicial proceedings. Assessments shall be payable to the Association, its successors and assigns; such assessment liens shall attach on the first day of each year commencing in the year 2007.

Such assessment liens shall be junior and subordinate only to: (i) any duly recorded mortgages or other liens which may be placed on the Lots as security for an interim construction or permanent loan for financing a dwelling or other improvements complying with the restrictions described herein, and/or any purchase money loan for a Lot and such improvements; and (ii) any lien for ad valorem taxes on such Lots and improvements. The board of directors of assess late fees for any assessments not paid when due as well as service charges for returned checks.

ARTICLE 7

General Provisions

Enforcement

7.01. The Developer or the Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations imposed by this Declaration. Failure to enforce any covenant or restriction shall not be deemed a waiver of the right of enforcement either with respect to the violation in question or any other violation. All waivers must be in writing and signed by the party to be bound.

Severability

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

Covenants Running with the Land

7.03. These easements, restrictions, covenants, and conditions are for the purpose of protecting the value and desirability of the Property. Consequently, they shall run with the real property and shall be binding on all parties having any right, title or interest in the Property in whole or in part, and their heirs, successors and assigns. These easements, covenants, conditions, and restrictions shall be for the benefit of the Property, each Lot, and each Lot Owner. Any deed or legal instrument purporting to convey, transfer or assign any interest in any Lot shall contain appropriate language to expressly subject such Lot to these restrictions.

Duration and Amendment

7.04. The covenants, conditions, and restrictions of this Declaration shall be effective for a term of twenty (20) years from the date this Declaration is recorded, after which period the covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years subject to termination by an instrument signed by more than 75% of the Owners. Until date of January 1, 2000, Developer may amend the covenants, conditions and restrictions of this Declaration. Thereafter, the covenants, conditions and restrictions of this Declaration may be amended by an instrument signed by more than 75% of the Owners. Neither any amendment nor any termination shall be effective until recorded in the Real Property Records of Henderson County, Texas, and all requisite governmental approvals, if any, have been obtained.

Attorney's Fees

7.05. If any controversy, claim, or dispute arises relating to this instrument, its breach, or enforcement, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

Liberal Interpretation

7.06. This Declaration shall be liberally construed to effectuate its purposes of crafting a uniform plan for the Property.

This Declaration is executed this the _____ day of March, 2007, at Athens, Texas.

WILLIAM & MERRY, INC.

By: _____
W. K. Sam Hurley, President

W. K. Sam Hurley

Merry S. Hurley

STATE OF TEXAS

COUNTY OF HENDERSON

This instrument was acknowledged before me on the _____ day of March, 2007, by W. K. Sam Hurley, President of William & Merry, INC., on behalf of said corporation.

Notary Public, State of Texas
Notary's Printed Name

My Commission Expires:_____

STATE OF TEXAS

COUNTY OF HENDERSON

This instrument was acknowledged before me on the _____ day of March, 2007, by W. K. Hurley and Merry S. Hurley.

Notary Public, State of Texas
Notary's Printed Name

My Commission Expires:_____

