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NOTICE: SETTING A PORTION OF THIS ADDITION BY NOTES AND BOUNDS IS A VIOLATION OF CITY ORDINANCE AND STATE LAW AND IS SUBJECT TO FINES AND WITHHOLDING OF UTILITIES AND BUILDING PERMITS.

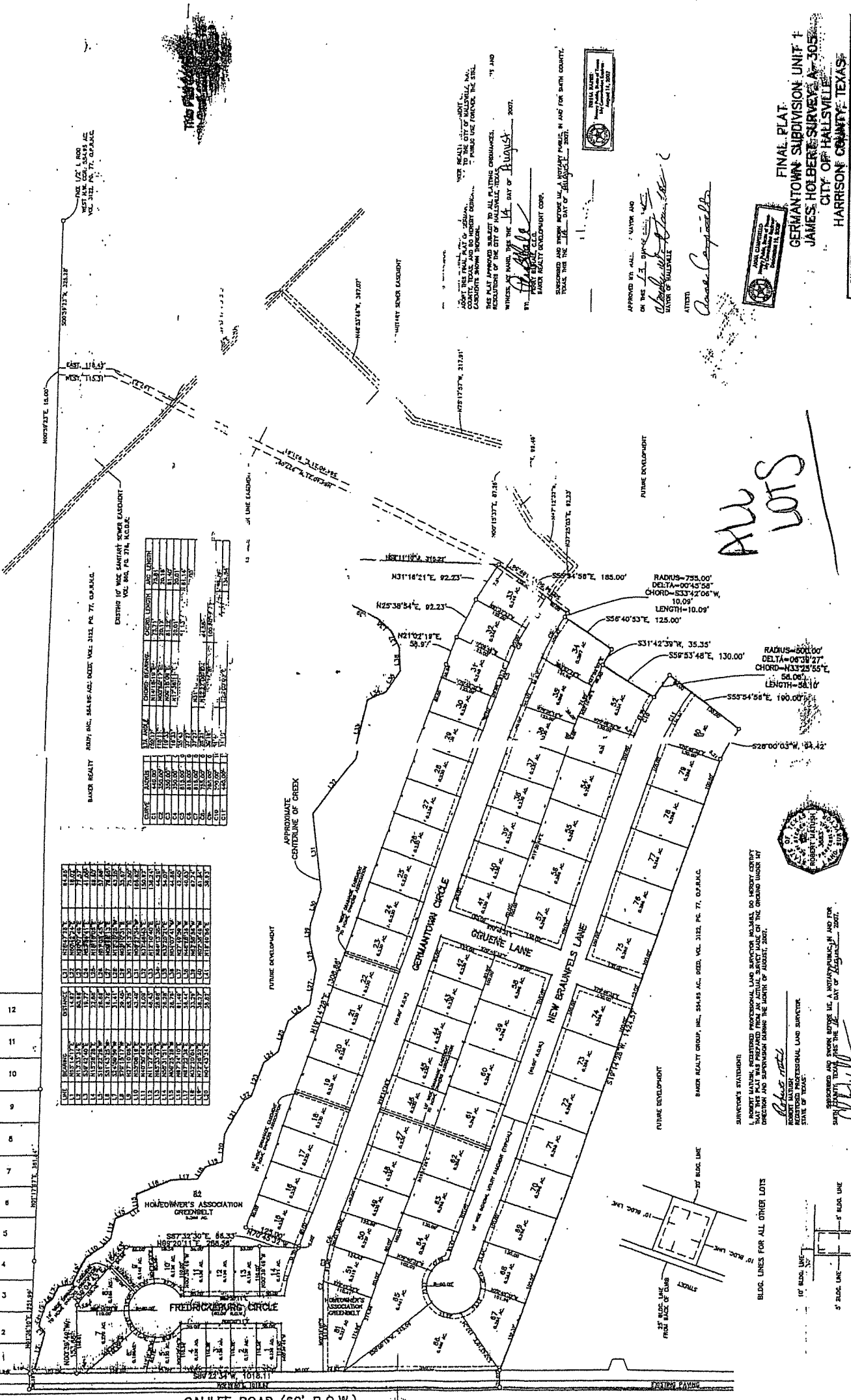
BAKER REALTY GROUP, INC. DEED VOL. 1548, PG. 43, R.P. 6146

TEALWOOD ADDITION UNIT 1
C&G S. 5, 500 73-8, H.C.P.R.

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FINAL PLAT
GERMANTOWN SUBDIVISION UNIT 1
JAMES HOLBERT SURVEY A-305
CITY OF HALLSVILLE
HARRISON COUNTY TEXAS
OWNER: BAKER REALTY DEVELOPMENT CORP.
ADDRESS: 3805 THING STR., #802, TYLER, TX 75701
BOB MATUSH SURVEYING, INC.
REGISTERED PROFESSIONAL LAND SURVEYOR
2024 KENSINGTON DRIVE, SUITE 107, TYLER, TEXAS 75703

GENERAL NOTES
1. LOT CORNER PINS WILL SET AT TIME OF ACTUAL PHASE DEVELOPMENT.
2. A 10' WIDE UTILITY EASEMENT IS GRANTED ALONG ALL LOT LINES ADJOINING
FUTURE DEVELOPMENT.
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FUTURE DEVELOPMENT.

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**DECLARATION OF
COVENANTS, CONDITIONS & RESTRICTIONS
FOR
GERMANTOWN RANCH**

Hallsville, Harrison County, Texas

Declarant

BAKER REALTY DEVELOPMENT CORP.

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**DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS
FOR
GERMANTOWN RANCH**

This Declaration of Covenants, Conditions & Restrictions for Germantown Ranch is made by BAKER REALTY DEVELOPMENT CORP., a Texas corporation ("**Declarant**"), on the date signed below. Declarant owns the real property described in **Exhibit A** of this Declaration, together with the improvements thereon.

Declarant is developing the real property with a residential community known as "Germantown Ranch" (herein so called). Declarant desires to provide for the preservation and maintenance of Germantown Ranch, and to protect the value, desirability, and attractiveness of Germantown Ranch. Declarant deems it advisable to create an association to administer the functions and activities more fully described in this Declaration.

Declarant hereby declares that the real property depicted on and/or described in **Exhibit A** is subject to this Declaration.

**ARTICLE 1
DEFINITIONS**

The following words and phrases, whether or not capitalized, have specified meanings when used in the Documents, unless a different meaning is apparent from the context in which the word or phrase is used.

1.1 "**Areas of Common Responsibility**" means portions of Lots or Dwellings that are maintained by the Association, as a common expense.

1.2 "**Assessment**" means any charge levied against a Lot or Owner by the Association, pursuant to the Documents, and include Regular Assessments, Special Assessments, and Individual Assessments, as defined in Article 7 of this Declaration.

1.3 "**Association**" means the Association of Owners of Lots in the Property, to be organized as a Texas non-profit corporation named GERMANTOWN RANCH HOMEOWNERS ASSOCIATION, INC.

1.4 "**Board**" means the Board of Directors of the Association.

1.5 "**Bylaws**" means the Bylaws of the Association, as they may be amended from time to time.

1.6 "**Common Area**" means certain real and personal property owned or to be owned by the Association for the use and enjoyment of the Members. The initial Common Area is described in Article 4 below.

1.7 "**Declarant**" means BAKER REALTY DEVELOPMENT CORP., a Texas corporation, or its successor, who is developing the Property.

1.8 **"Declarant Control Period"** means that period of time, beginning the date this Declaration is recorded, during which Declarant controls the operation and management of the Association, pursuant to **Exhibit B** of this Declaration.

1.9 **"Declaration"** means this document, as it may be amended from time to time.

1.10 **"Development Period"** means that period of time during which the Property is being developed, constructed, or marketed, and extends from the date this Declaration is recorded until title to all of the Lots that may be created has been conveyed to Owners other than builders or other persons who purchase Lots for the purpose of constructing Dwellings for resale to Owners. The Development Period may not exceed ten (10) years.

1.11 **"Director"** means a member of the Association's Board.

1.12 **"Documents"** means, singly or collectively as the case may be, this Declaration, the Plat, the Bylaws, the Association's certificate of formation, and the Rules and architectural restrictions of the Association, as any of these may be amended from time to time.

1.13 **"Dwelling"** means the front-entry single-family residence on a Lot, and all other improvements on the Lot. Where the context indicates or requires, "Dwelling" includes the Lot.

1.14 **"Greenbelt Lot(s)"** means any Lot(s) located adjacent to the greenbelt area which is designated as a "Greenbelt Lot" by the Declarant, at Declarant's sole discretion, during the Declarant Control Period, or as designated by the ACC (as defined below), at the ACC's sole discretion, following expiration of the Declarant Control Period. Lots 8-13 and Lots 15-35 as shown on the Plat are hereby designated as Greenbelt Lots. Lots 7 and 14 as shown on the Plat shall not be considered Greenbelt Lots for purposes of this Declaration.

1.15 **"Lot"** means a portion of the Property other than the Common Area, intended for independent ownership, on which there is or will be constructed a Dwelling, as shown on the Plat, consisting of Lots which are (i) fifty-five feet (55') wide (the **"55' Lots"**), (ii) eighty feet (80') wide (the **"80' Lots"**), and (iii) one hundred feet (100') wide (the **"100' Lots"**). Where the context indicates or requires, "Lot" includes the Dwelling.

1.16 **"Majority"** means more than half.

1.17 **"Member"** means a Member of the Association, each Member being an Owner of a Lot, unless the context indicates that member means a member of the Board or a member of a committee of the Association.

1.18 **"Mortgagee"** means a holder, insurer, or guarantor of a purchase money mortgage secured by a recorded senior or first deed of trust lien against a Lot.

1.19 **"Officer"** means an Officer of the Association and shall include, but shall not be limited to the offices of President (**"President"**), Secretary (**"Secretary"**), Treasurer (**"Treasurer"**), Vice President (**"Vice President"**) and such other Officers as the Board may designate.

1.20 **"Owner"** means a holder of recorded fee simple title to a Lot. Declarant is the initial Owner of all Lots. Contract sellers and Mortgagees who acquire title to a Lot through a deed in lieu of foreclosure or through judicial or non judicial foreclosure are Owners. Persons or entities having ownership interests merely as security for the performance of an obligation are not Owners. Every Owner is a Member of the Association.

1.21 **"Plat"** means all Plats, singly and collectively, recorded or to be recorded in the Real Property Records of Harrison County, Texas, and pertaining to Germantown Ranch, an addition to the City of Hallsville, Texas, including all dedications, limitations, restrictions, easements, and reservations shown on the Plat, as the Plats may be amended from time to time. At any such time that a Plat is recorded, the legal description attached as Exhibit A shall be amended to incorporate such Plat.

1.22 **"Property"** means all the land subject to this Declaration and all improvements, easements, rights, and appurtenances to the land. The Property consists of land located within Germantown Ranch. The Property is located entirely in the City of Hallsville, Harrison County, Texas. The Property is located on land described in Exhibit A to this Declaration, as shown on the Plat, and includes every Lot and Common Area thereon.

1.23 **"Resident"** means an occupant of a Dwelling, regardless of whether the person owns the Lot.

1.24 **"Rules"** means rules and regulations adopted by the Board in accordance with the Documents.

ARTICLE 2 THE PROPERTY

2.1 **PROPERTY.** The real property described in Exhibit A is held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, liens, and easements of this Declaration, including exhibits to this Declaration, which run with the real property and bind all parties having or acquiring any right, title, or interest in the Property, their heirs, successors, and assigns, and inure to the benefit of each Owner of the Property.

2.2 **ADDITIONAL PROPERTY.** Additional real property may be annexed to the Property and subjected to the Declaration and the jurisdiction of the Association by Declarant during the Development Period. Otherwise, the addition of real property to the Property requires the approval of Owners of at least a Majority of the Lots. Annexation of additional real property is accomplished by recording a supplemental declaration of annexation, including an amendment to Exhibit A, in the real property records of Harrison County.

2.3 **SUBJECT TO DOCUMENTS.** The real property subject to this Declaration is also subject to the Plat, the Bylaws, the Association's certificate of formation, and the Rules and architectural restrictions, if any, of the Association, as any of these may be amended from time to time.

2.4 DECLARANT'S RIGHTS & RESERVATIONS. The Property and the Documents are subject to the representations, rights, and reservations of Declarant, as stated in Exhibit B of this Declaration. If a provision of Exhibit B conflicts with any other provision of the Documents, the terms of Exhibit B control. Declarant's representations, rights, and reservations are intentionally segregated as an exhibit to facilitate use of this Declaration by Owners after the Declarant-related provisions are obsolete. This Section 2.4 and every other provision of the Documents that benefits Declarant may not be amended without evidence of Declarant's consent on the instrument of amendment.

2.5 STREETS WITHIN PROPERTY. Because streets and cul de sacs within the Property (hereafter "streets") are capable of being converted from publicly dedicated to privately owned, and vice versa, this Section 2.5 addresses both conditions. Private streets, if any, are part of the Common Areas which are governed by the Association. Public streets are part of the Common Areas only to the extent a governmental body, such as the city or county, authorizes or delegates to the Association.

2.5.1. Public Streets. As to public streets, the Association, acting through the Board, is specifically authorized (1) to accept from a governmental body any delegation of street-related duties, and (2) to act as attorney in fact for the Owners in executing instruments required by public ordinance or public law to impose, modify, or remove restrictions or traffic devices (such as speed bumps) on public streets in the Property.

2.5.2. Private Streets. Only if and when the Property has private streets, the Association, acting through the Board, is specifically authorized to adopt, amend, repeal, and enforce rules, regulations, and procedures for use of any private streets in the Property - including but not limited to (1) designation of parking or no-parking areas, (2) limitations or prohibitions on curbside parking, (3) removal or prohibition of vehicles that violate applicable rules and regulations, (4) fines for violations of applicable rules and regulations, and (5) programs for controlling access through entrance gates, if any.

ARTICLE 3 INTENTIONALLY LEFT BLANK

ARTICLE 4 COMMON AREAS

4.1 OWNERSHIP. The designation of real property as a Common Area is determined by the Plat and this Declaration, and not by the ownership of such real property. This Declaration contemplates that the Association will eventually hold title to the Common Areas capable of independent ownership by the Association. Declarant may install, construct, or authorize certain improvements on Common Areas in connection with the initial development of the Property, and the cost thereof is not a common expense of the Association. Thereafter, all costs attributable to Common Areas, including maintenance, property taxes, insurance, and enhancements, are automatically the responsibility of the Association, regardless of the nature of title to the Common Areas, unless this Declaration elsewhere provides for a different allocation for a specific Common Area.

4.2 ACCEPTANCE. By accepting an interest in or title to a Lot, each Owner is deemed (1) to accept the Common Areas of the Property, and any improvement thereon, in its then-existing "as is" condition; (2) to acknowledge the authority of the Association, acting through the Board, for all decisions pertaining to the Common Areas; (3) to acknowledge that transfer of any such Common Area's title to the Association by or through the Declarant is a ministerial task that does not require acceptance by the Association; and (4) to acknowledge the continuity of maintenance of the Common Areas, regardless of changes in the Association's Board or management.

4.3 COMPONENTS. The Common Areas of the Property consists of the following components on or adjacent to the Property, even if located on a Lot or a public right-of-way:

- a. All of the Property, save and except the residential Lots.
- b. The land described in Exhibit A as common area and all improvements located thereon.
- c. Any area shown on the Plat as common area or an area to be maintained by the Association, including, but not limited to, Lots 81 and 82 as shown on the Plat.
- d. The formal entrances to the Property, including (if any) signage, landscaping, electrical and water installations, planter boxes and fencing.
- e. The sidewalks, lawns, landscaping, sprinklers, and any fence located on the Common Area, or a public right-of-way.
- f. If any: (1) monument signs and other signage installed by the Declarant; (2) planter boxes; (3) electrical and water installations on utility meters in the Association's name; (4) grass, shrubs, ground cover, and trees, served by the Association's sprinkler lines.
- g. Any modification, replacement, or addition to any of the above-described areas and improvements.
- h. Personal property owned by the Association, such as books and records, office equipment, and supplies.

4.4 RISK. Each resident uses all Common Areas at his own risk. All Common Areas are unattended and unsupervised. Each Resident is solely responsible for his own safety and that of his guests. The Association disclaims any and all liability or responsibility for injury or death occurring from use of the Common Areas.

4.5 PERSONAL RESPONSIBILITY. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, and each Resident acknowledges, understands, and agrees to each of the following statements, for himself, the members of his household, and his and their guests:

- a. Each Owner and Resident agrees to be informed about and to comply with

any published or posted Common Area rules for Germantown Ranch.

b. The use and enjoyment of any recreation amenity on the Common Areas involves risk of personal injury, risk of death, and risk of damage or loss to property.

c. Each person using any common amenity assumes all risks of personal injury, death, and loss or damage to property resulting from the use and enjoyment of any Common Areas.

d. Parents, guardians, hosts, caretakers, and supervisors are at all times responsible for the well being and safety of their children and guests in their use of the Common Areas. The parent, guardian, host, caretaker, and supervisor assumes responsibility for having skills appropriate for the facility being used by his charges.

e. Declarant, the Association, and their respective directors, officers, committees, agents, and employees are not providers, insurers, or guarantors of personal safety in or on the Common Areas.

f. Declarant, the Association, and their respective directors, officers, committees, agents, and employees have made no representations or warranties - verbal or written - relating to safety or lack of risks pertaining to the Common Areas.

g. Each Owner and Resident agrees to educate the members of his household and his and their guests about the risks, responsibilities, and releases from liability contained in this Article 4.

4.6 LIABILITY RELEASE. Each Owner and Resident further acknowledges, understands, and agrees to each of the following statements, for himself, the members of his household, and his and their guests:

4.6.1 Consideration. Each Owner and Resident grants the releases from liability contained in this Article 4 as consideration for, and as a condition to, the Owner and Resident's use and enjoyment of the Common Areas. Each Owner and Resident acknowledges and agrees that the releases from liability contained in this Article 4 are a material inducement to Declarant to sell, convey, lease, or allow the use of Lots and homes in Germantown Ranch.

4.6.2 Release for Injury or Loss. Declarant, the Association, and their respective directors, officers, committees, agents, and employees may not be held liable to any person claiming any loss or damage including, without limitation, indirect, special, or consequential loss or damage arising from personal injury or death, 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 design, construction, maintenance, or use of any of the Common Areas, expressly including every recreational facility and item of equipment used in connection with the Common Areas, including, without limitation, any claim arising in whole or in part from the negligence of Declarant or the Association.

4.6.3 Indemnity for Common Areas Operations. The Association indemnifies, defends, and holds harmless Declarant against any loss, claim, demand, damage, cost, and expense relating to or arising out of the management and operation of the Association, including without limitation, the collection of Assessments, the enforcement of the Documents, and the operation and maintenance of the Common Areas. Indemnified expenses include, without limitation, reasonable attorneys fees, whether or not a lawsuit is filed, and costs at all court levels, including expenses incurred by Declarant in establishing the right to be indemnified, defended, and held harmless pursuant to this Declaration.

4.6.4 Negligence. The releases and indemnities contained in this Article 4 are intended to release and indemnify the specified parties from liability for their own negligence.

4.6.5 Violation. Each Owner and Resident understands and agrees that such Owner or Resident's violation of the release agreement contained in this Article 4 may result in suspension or termination of the use of any Common Area amenities by the Owner or Resident, the members of his household, and his and their guests.

ARTICLE 5 MAINTENANCE OBLIGATIONS

5.1 OVERVIEW. Generally, the Association maintains the Common Areas, and the Owner maintains his Lot and Dwelling. If an Owner fails to maintain his Lot, the Association may perform the work at the Owner's expense.

5.2 ASSOCIATION MAINTAINS. The Association's maintenance obligations will be discharged when and how the Board deems appropriate. The Association maintains, repairs, and replaces, as a common expense, the portions of the Property listed below, regardless of whether the portions are on Lots or Common Areas.

- a. All Common Areas.
- b. All Areas of Common Responsibility, if any.
- c. Real and personal property owned by the Association but which is not a Common Area, such as a Lot owned by the Association.
- d. Any area, items, easements or service, the maintenance of which is assigned to the Association by the Plat or this Declaration.

5.3 OWNER RESPONSIBILITY. Every Owner has the following responsibilities and obligations for the maintenance, repair, and replacement of the Property:

5.3.1 Lot Maintenance. Each Owner, at the Owner's expense, must maintain his Lot and all improvements on the Lot, including, but not limited to, the Dwelling, fences, mailboxes and driveways, except any area designated as an Area of Common Responsibility. Maintenance includes, as needed, preventative maintenance, repairs, and

replacement. Each Owner is expected to maintain his Lot at a level, to a standard, and with an appearance that is commensurate with other Lots in the Property. Specifically, each Owner must repair and replace worn, rotten deteriorated and unattractive materials and must regularly repaint all painted surfaces as needed to maintain the above referenced standard.

5.3.2 Yard Maintenance. Each Owner, at the Owner's expense, must maintain the yards on his Lot at a level, to a standard, and with an appearance that is commensurate with other Lots in the Property. "Yards" means all parts of the Lot other than the Dwelling, including fenced and unfenced portions of the Lot. All yards that are visible from a street must be maintained in a neatly manicured, healthy, and well-groomed condition. Each Owner must remove plant material that is diseased, dying or dead, and promptly replace it with plants of a quality and appearance that are similar or superior to those removed. Owner must keep the yard irrigation system in good repair - repairing or replacing sprinkler heads, irrigation lines, and other irrigation equipment as needed for optimum landscape maintenance. Owners may not construe a law, ordinance, or public policy that requires or encourages xeriscaping as authority to allow the grounds to "go to weed" under the pretext of "adapted native landscaping." Each Owner will keep his yard free of litter, trash, and debris. Additionally, each Owner must:

- a. Maintain an attractive ground cover or lawn on all yards visible from a street.
- b. Edge the street curbs at regular intervals.
- c. Mow the lawns and grounds at regular intervals.
- d. Prevent lawn weeds or grass from exceeding 6 inches in height.
- e. Not plant vegetable gardens that are visible from a street.
- f. Maintain an attractive appearance for shrubs and trees visible from a street.
- g. Replace plant material, as needed, to maintain the standard for landscaping commensurate with the Property.

5.3.3 Avoid Damage. An Owner may not do any work or fail to do any work which, in the reasonable opinion of the Board, would materially jeopardize the soundness and safety of the Property, reduce the value of the Property, adversely affect the appearance of the Property, or impair any easement relating to the Property.

5.3.4 Responsible for Damage. In addition to being responsible for his own Lot maintenance as provided above, an Owner is responsible for his own willful or negligent acts and those of the Resident(s), his or the Resident's(s') family, guests, agents, employees, or contractors when those acts necessitate maintenance, repair, or replacement to the Common Areas or the property of another Owner.

5.3.5 Owner's Default in Maintenance. If the Board determines that an Owner has failed to properly discharge his obligation to maintain, repair, and replace items for which the Owner is responsible, the Board may give the Owner written notice of the Association's intent to provide the necessary maintenance at Owner's expense. The notice must state, with reasonable particularity, the maintenance deemed necessary and a reasonable period of time in which to complete the work. If the Owner fails or refuses to timely perform the maintenance, the Association may do so at Owner's expense, which is an Individual Assessment against the Owner and his Lot. In case of an emergency, however, the Board's responsibility to give the Owner written notice may be waived and the Board may take any action it deems necessary to protect persons or property, the cost of the action being the Owner's expense.

BEFORE ACQUIRING AN OWNERSHIP INTEREST IN A LOT, EACH PROSPECTIVE PURCHASER IS STRONGLY ENCOURAGED TO CONTACT THE ASSOCIATION TO OBTAIN AND REVIEW THE MOST RECENT DESIGNATION OF AREAS OF COMMON RESPONSIBILITY, WHICH IS SUBJECT TO CHANGE FROM TIME TO TIME

5.4 AREA OF COMMON RESPONSIBILITY. The Association, acting through its Members only, has the right but not the duty to designate, from time to time, portions of Lots or Dwellings as Areas of Common Responsibility to be treated, maintained, repaired, and/or replaced by the Association as a common expense. A designation applies to every Lot having the designated feature. The cost of maintaining Areas of Common Responsibility is added to the annual budget and assessed against the Lots as a Regular Assessment as provided in Section 7.5 hereof, unless Owners of at least a Majority of the Lots decide to assess the costs as Individual Assessments.

5.4.1 Change in Designation. The Association may, from time to time, change the designation of Areas of Common Responsibility, or provide for no Areas of Common Responsibility. Because the designation is subject to change, the Association will maintain at all times a dated list of the Areas of Common Responsibility for distribution to Owners and prospective purchasers. Additions, deletions, or changes in designation must be:

- a. Approved by the Board.
- b. Published and distributed to an Owner of each Lot.
- c. Reflected in the Association's annual budget and reserve funds.

5.4.2 Initial Designation. On the date this Declaration is recorded, areas along the roadways, which do not include yards or roadways, are areas initially designated as Areas of Common Responsibility.

5.5 PARTY WALL FENCES. A fence located on or near the dividing line between two (2) Lots and intended to benefit both Lots constitutes a Party Wall Fence and, to the extent not inconsistent with the provisions of this Section, is subject to the general rules of law regarding Party Walls and liability for property damage due to negligence, willful acts, or omissions.

5.5.1 Encroachments & Easement. If the Party Wall Fence is on one Lot or another due to an error in construction, the fence is nevertheless deemed to be on the dividing line for purposes of this Section. Each Lot sharing a Party Wall Fence is subject to an easement for the existence and continuance of any encroachment by the fence as a result of construction, repair, shifting, settlement, or movement in any portion of the fence, so that the encroachment may remain undisturbed as long as the fence stands. Each Lot is subject to a reciprocal easement for the maintenance, repair, replacement, or reconstruction of the Party Wall Fence.

5.5.2 Right to Repair. If the Party Wall Fence is damaged or destroyed from any cause, the Owner of either Lot may repair or rebuild the fence to its previous condition, and the Owners of both Lots, their successors and assigns, have the right to the full use of the repaired or rebuilt fence.

5.5.3 Maintenance Costs. The Owners of the adjoining Lots share equally the costs of repair, reconstruction, or replacement of the Party Wall Fence, subject to the right of one Owner to call for larger contribution from the other under any rule of law regarding liability for negligence or willful acts or omissions. If an Owner is responsible for damage to or destruction of the fence, that Owner will bear the entire cost of repair, reconstruction, or replacement. If an Owner fails or refuses to pay his share of costs of repair or replacement of the Party Wall Fence, the Owner advancing monies has a right to file a claim of lien for the monies advanced in the Real Property Records of Harrison County, Texas, and has the right to foreclose the lien as if it were a mechanic's lien; provided the claim of lien is filed within ninety (90) days after the date of repairs or replacements to the Party Wall Fence, and suit is filed within one year after the date the lien is filed. The right of an Owner to contribution from another Owner under this Section is appurtenant to the land and passes to the Owner's successors in title.

5.5.4 Alterations. The Owner of a Lot sharing a Party Wall Fence may not cut openings in the fence or alter or change the fence in any manner that affects the use, condition, or appearance of the fence to the adjoining Lot. The Party Wall Fence will always remain in the same location as when erected.

5.5.5 Weatherproofing. Notwithstanding any other provision of this Section, an Owner, who by his negligent or willful act causes the Party Wall to be exposed to the elements, shall bear the whole cost of furnishing the necessary protection against such elements.

5.5.6 Right To Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

5.5.7 Disputes. In the event of any dispute arising concerning a Party Wall Fence each affected Owner shall choose one (1) arbitrator, at such Owner's sole cost and expense. Those arbitrators shall in turn choose one (1) additional arbitrator, whose cost and expense shall be shared equally between (or among, as the case may be), the applicable Owners, and the decision shall be by a majority of all the arbitrators. Should any affected Owner refuse to appoint an arbitrator within ten (10) days after written request therefor, the Board of Directors of the Association shall select an arbitrator for the refusing Owner.

ARTICLE 6 ASSOCIATION AND MEMBERSHIP RIGHTS

6.1 THE ASSOCIATION. The duties and powers of the Association are those set forth in the Documents, together with the general and implied powers of a property owners association and a non-profit corporation organized under the laws of the State of Texas. Generally, the Association may do any and all things that are lawful and necessary, proper, or desirable in operating for the peace, health, comfort, and general benefit of its Members, subject only to the limitations on the exercise of such powers as stated in the Documents. The Association comes into existence on the earlier of (1) issuance of its corporate charter or (2) the initial levy of Assessments against the Lots and Owners. The Association will continue to exist at least as long as the Declaration is effective against the Property, regardless of whether its corporate charter lapses from time to time.

6.2 MEMBERSHIP. Each Owner is a Member of the Association, ownership of a Lot being the sole qualification for membership. Membership is appurtenant to and may not be separated from ownership of the Lot. An attempt to separate membership in the Association from ownership of the Lot is void and will not be recognized by the Association. The Board may require satisfactory evidence of transfer of ownership before a purported Owner is entitled to vote at meetings of the Association.

6.2.1 Co-Owners. If a Lot is owned by more than one person or entity, each Co-Owner is a Member of the Association and may exercise the membership rights appurtenant to the Lot.

6.2.2 Contract Purchasers. A Member who sells his Lot under a contract for deed may delegate his membership rights, including the voting rights, to the contract purchaser, provided a written assignment is delivered to the Board. However, the contract seller remains liable for all Assessments attributable to his Lot until fee title to the Lot is transferred.

6.3 VOTING. One vote is appurtenant to each Lot. The total number of votes equals the total number of Lots in the Property. Each vote is uniform and equal to the vote appurtenant to every other Lot, except during the Development Period as permitted in Exhibit B. Votes may be cast by written proxy, according to the requirements of the Bylaws. Cumulative voting is not allowed. The vote appurtenant to a Lot is not divisible by Co-Owners, who are subject to the following provisions:

6.3.1 Co-Owners Voting at Meeting. If only one of the multiple Co-Owners of a Lot is present at a meeting of the Association, that person may cast the vote allocated to the Lot. If more than one of the Co-Owners is present, the Lot's one vote may be cast with the Co-Owners' unanimous agreement. Co-Owners are in unanimous agreement if one of the Co-Owners casts the vote and no other Co-Owner makes prompt protest to the person presiding over the meeting.

6.3.2 Co-Owners Voting by Proxy or Ballot. Any Co-Owner of a Lot may vote by ballot or proxy, and may register protest to the casting of a vote by ballot or proxy by the other Co-Owners. If the person presiding over the meeting or balloting receives evidence that the Co-Owners disagree on how the one appurtenant vote will be cast, the vote will not be counted.

6.4 BOOKS & RECORDS. The Association will maintain copies of the Documents and the Association's books, records, and financial statements. Books and records of the Association will be made available for inspection and copying pursuant to Article 1396-2.23.B. of the Texas Non-Profit Corporation Act, as it may be amended from time to time.

6.5 INDEMNIFICATION. The Association indemnifies every Officer, Director, the Declarant and Officers and Directors appointed by it, and each committee member (for purposes of this Section, "Leaders") against expenses, including attorney's fees, reasonably incurred by or imposed on the Leader in connection with an action, suit, or proceeding to which the Leader is a party by reason of being or having been a Leader. A Leader is not liable for a mistake of judgment, negligent or otherwise. A Leader is liable for his willful misfeasance, malfeasance, misconduct, or bad faith. This right to indemnification does not exclude any other rights to which present or former Leaders may be entitled. As a common expense, the Association will maintain adequate general liability and Directors and Officers liability insurance to fund this obligation, if it is reasonably available.

6.6 OBLIGATIONS OF OWNERS. Without limiting the obligations of Owners under the Documents, each Owner has the following obligations:

6.6.1 Information. Within thirty (30) days after acquiring an interest in a Lot; within thirty (30) days after the Owner has notice of a change in any information required by this Subsection; and on request by the Association from time to time, an Owner will provide the Association with the following information:

- a. A copy of the recorded deed by which Owner has title to the Lot.
- b. The Owner's address, phone number, and driver's license number, if any.
- c. Any Mortgagee's name, address, and loan number.
- d. The name and phone number of any Resident other than the Owner.

e. The name, address, and phone number of Owner's managing agent, if any.

6.6.2 Pay Assessments. Each Owner will pay Assessments properly levied by the Association against the Owner or his Lot, and will pay Regular Assessments without demand by the Association.

6.6.3 Comply. Each Owner will comply with the Documents as amended from time to time.

6.6.4 Reimburse. Each Owner will pay for damage to the Property caused by the negligence or willful misconduct of the Owner, a Resident of the Owner's Lot, or the Owner or Resident's family, guests, employees, contractors, agents, or invitees.

6.6.5 Liability. Each Owner is liable to the Association for violations of the Documents by the Owner, a Resident of the Owner's Lot, or the Owner or Resident's family, guests, employees, agents, or invitees, and for costs incurred by the Association to obtain compliance, including attorney's fees whether or not suit is filed.

ARTICLE 7 COVENANT FOR ASSESSMENTS

7.1 PURPOSE OF ASSESSMENTS. The Association will use Assessments for the general purposes of preserving and enhancing the Property, and promoting the recreation, common benefit, and enjoyment of Owners and Residents, including but not limited to maintenance of real and personal property, management and operation of the Association, and any expense reasonably related to the purposes for which the Property was developed. If made in good faith, the Board's decision with respect to the use of Assessments is final.

7.2 PERSONAL OBLIGATION. An Owner is obligated to pay Assessments levied by the Board against the Owner or his Lot. An Owner makes payment to the Association at its principal office or at any other place the Board directs. Payments must be made in full regardless of whether an Owner has a dispute with the Association, another Owner, or any other person or entity regarding any matter to which this Declaration pertains. No Owner may exempt himself from his Assessment liability by waiver of the use or enjoyment of the Common Area or by abandonment of his Lot. An Owner's obligation is not subject to offset by the Owner, nor is it contingent on the Association's performance of the Association's duties. Payment of Assessments is both a continuing affirmative covenant personal to the Owner and a continuing covenant running with the Lot.

7.3 CONTROL FOR ASSESSMENT INCREASES. Subject to the terms and provisions regarding the Declarant Control Period referred to on Exhibit B attached hereto, this Article 7 of the Declaration may not be amended without the approval of Owners of at least sixty-seven percent (67%) of the Lots. Subject to the terms and provisions regarding the Declarant Control Period referred to on Exhibit B attached hereto, in addition to other rights granted to Owners by this Declaration, Owners have the following powers and controls over the Association's budget:

7.3.1 Veto Increased Dues. At least thirty (30) days prior to the effective date of an increase in Regular Assessments, the Board will notify an Owner of each Lot of the amount of, the budgetary basis for, and the effective date of the increase. The increase will automatically become effective unless Owners of at least a Majority of the Lots disapprove the increase by petition or at a meeting of the Association. In that event, the last-approved budget will continue in effect until a revised budget is approved.

7.3.2 Veto Special Assessment. At least thirty (30) days prior to the effective date of a Special Assessment, the Board will notify an Owner of each Lot of the amount of, the budgetary basis for, and the effective date of the Special Assessment. The Special Assessment will automatically become effective unless Owners of at least a Majority of the Lots disapprove the Special Assessment by petition or at a meeting of the Association.

7.3.3 Approve Certain Special Assessments. The following actions must be funded by a Special Assessment approved by Owners of at least a Majority of the Lots:

- a. Acquisition of real property, other than the purchase of a Lot at the sale foreclosing the Association's lien against the Lot.
- b. Any expenditure that may reasonably be expected to significantly increase the Association's responsibility and financial obligation for operations, insurance, maintenance, repairs, or replacement.

7.4 TYPES OF ASSESSMENTS. There are three (3) types of Assessments: Regular, Special, and Individual.

7.4.1 Regular Assessments. Regular Assessments are based on the annual budget. Each Lot is liable for its designated share of the annual budget. If the Board does not approve an annual budget or fails to determine new Regular Assessments for any year, or delays in doing so, Owners will continue to pay the Regular Assessment as last determined. If during the course of a year the Board determines that Regular Assessments are insufficient to cover the estimated common expenses for the remainder of the year, the Board may increase Regular Assessments for the remainder of the fiscal year in an amount that covers the estimated deficiency. Regular Assessments are used for common expenses related to the reoccurring, periodic, and anticipated responsibilities of the Association, including but not limited to:

- a. Maintenance, repair, and replacement, as necessary, of the Common Area.
- b. Utilities billed to the Association.
- c. Services billed to the Association and serving all Lots.
- d. Taxes on property owned by the Association, if any, and the Association's income taxes.

e. Management, legal, accounting, auditing, and professional fees for services to the Association.

f. Costs of operating the Association, such as telephone, postage, office supplies, printing, meeting expenses, and educational opportunities of benefit to the Association.

g. Insurance premiums and deductibles.

h. Contributions to the reserve funds.

i. Any other expense which the Association is required by law or the Documents to pay, or which in the opinion of the Board is necessary or proper for the operation and maintenance of the Property or for enforcement of the Documents.

7.4.2 Special Assessments. In addition to Regular Assessments and subject to Subsection 7.3.3 above, the Board may levy one or more Special Assessments against all Lots for the purpose of defraying, in whole or in part, common expenses not anticipated by the annual budget or reserve funds.

7.4.3 Individual Assessments. In addition to Regular and Special Assessments, the Board may levy an Individual Assessment against a Lot and its Owner. Individual Assessments may include, but are not limited to: interest, late charges, and collection costs on delinquent Assessments; reimbursement for costs incurred in bringing an Owner or his Lot into compliance with the Documents; fines for violations of the Documents; insurance deductibles; reimbursement for damage or waste caused by willful or negligent acts; common expenses that benefit fewer than all of the Lots, which may be assessed according to benefit received; and "pass through" expenses for services to Lots provided through the Association and which are equitably paid by each Lot according to benefit received.

7.5 BASIS & RATE OF ASSESSMENTS. The share of liability for common expenses allocated to each Lot shall be uniform for all Lots, regardless of a Lot's location or the value and size of the Lot or Dwelling, but subject to lower rates of assessment for vacant Lots. The rates of assessment are as follows:

7.5.1 Improved Lot. A Lot that has been improved with a Dwelling for which the City of Hallsville issued a certificate of occupancy will at all times thereafter be assessed at the full rate.

7.5.2 Vacant Lot. A Lot that is vacant or on which a Dwelling is under construction is assessed at half of the full rate, unless the Lot is owned by Declarant. Such a Lot owned by Declarant is not subject to assessment during the Declarant Control Period, provided Declarant, may at its option, pay any operating deficits of the Association as they arise. A vacant Lot becomes subject to Assessment at the full rate on the first day of the month following the month in which the City of Hallsville issues a certificate of occupancy.

7.5.3 Board Determination. Notwithstanding the foregoing, the Board may revoke the reduced-rate status of a vacant Lot if it becomes necessary or desirable for the Association to spend money on or for the Lot, or if the Board determines that a completed Dwelling is eligible for a certificate of occupancy.

7.6 ANNUAL BUDGET. The Board will prepare and approve an estimated annual budget for each fiscal year. The budget will take into account the estimated income and common expenses for the year, contributions to reserve funds, and a projection for uncollected receivables. The Board will make the budget or its summary available to an Owner of each Lot, although failure to receive a budget or summary does not affect an Owner's liability for Assessments. The Board will provide copies of the detailed budget to Owners who make written request and pay a reasonable copy charge.

7.7 DUE DATE. Regular Assessments are due on the first day of each month, and are delinquent if not received by the Association on or before the first day of the month. Special and Individual Assessments are due on the date stated in the notice of assessment or, if no date is stated, within ten (10) days after notice of the assessment is given.

7.8 RESERVE FUNDS. The Association will establish, maintain, and accumulate reserves for operations and for replacement and repair. The Association will budget for reserves and use its best efforts to fund reserves out of Regular Assessments.

7.8.1 Operations Reserves. The Association will maintain operations reserves at a level sufficient to cover the cost of operational or maintenance emergencies or contingencies, including the full amount of deductibles on insurance policies maintained by the Association.

7.8.2 Replacement & Repair Reserves. The Association will maintain replacement and repair reserves at a level that anticipates the scheduled replacement or major repair of components of the Common Area and Area of Common Responsibility.

7.9 ASSOCIATION'S RIGHT TO BORROW MONEY. The Association is granted the right to borrow money, subject to the consent of Owners of at least a Majority of Lots and the ability of the Association to repay the borrowed funds from Assessments. To assist its ability to borrow, the Association is granted the right to encumber, mortgage, pledge, or deed in trust any of its real or personal property, and the right to assign its right to future income, as security for money borrowed or debts incurred, provided that the rights of the lender in the pledged property are subordinate and inferior to the rights of the Owners hereunder.

7.10 ASSESSMENT LIEN. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay Assessments to the Association. Each Assessment is a charge on the Lot and is secured by a continuing lien on the Lot. Each Owner, and each prospective Owner, is placed on notice that his title may be subject to the continuing lien for Assessments attributable to a period prior to the date he purchased his Lot.

7.10.1 Superiority of Assessment Lien. The assessment lien (the "Assessment Lien") is superior to all other liens and encumbrances on a Lot, except only for (1) real

property taxes and assessments levied by governmental and taxing authorities, (2) any interim construction lien, and (3) a first or senior purchase money vendor's lien or deed of trust lien recorded before the date on which the delinquent Assessment became due. The Assessment Lien is superior to any mechanic's lien for construction of improvements to the Lot or an assignment of the right to insurance proceeds on the Lot, regardless of when recorded or perfected.

7.10.2 Effect of Mortgagee's Foreclosure. A Mortgagee's foreclosure of its deed of trust lien extinguishes the Association's claim against the Lot for unpaid Assessments that became due before the sale, but does not extinguish the Association's claim against the former Owner. The purchaser at the Mortgagee's foreclosure sale is liable for Assessments coming due from and after the date of the sale, and for the Owner's pro rata share of the pre-foreclosure deficiency as a Common Expense.

7.10.3 Perfection of Lien. The Association's lien for Assessments is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien is required. However, the Association, at its option, may cause a notice of the lien to be recorded in the county's real property records. If the debt is cured after a notice has been recorded, the Association will record a release of the notice at the expense of the curing Owner.

7.10.4 Power of Sale. By accepting an interest in or title to a Lot, each Owner grants to the Association a private power of non judicial sale in connection with the Association's Assessment Lien. The Board may appoint, from time to time, an Association Officer, agent, trustee, substitute trustee, or attorney to exercise the power of sale on behalf of the Association. The appointment must be in writing and may be in the form of a resolution recorded in the minutes of a Board meeting.

7.10.5 Foreclosure of Lien. The assessment lien may be enforced by judicial or non judicial foreclosure. A non judicial foreclosure must be conducted in accordance with the provisions applicable to the exercise of powers of sale as set forth in Section 51.002 and/or Section 209.009-011 of the Texas Property Code, as they may be amended from time to time, or **in any manner permitted by law**. In any foreclosure, the Owner is required to pay the Association's costs and expenses for the proceedings, including reasonable attorneys' fees. The Association has the power to bid on the Lot at foreclosure sale and to acquire, hold, lease, mortgage, and convey same.

ARTICLE 8 EFFECT OF NONPAYMENT OF ASSESSMENTS AND VIOLATION OF THE DOCUMENTS

8.1 COLLECTING DELINQUENT ASSESSMENTS. Owners who honor their obligations to the Association should not be burdened by Owners who default. The Board is responsible for taking action to collect delinquent Assessments. Neither the Board nor the Association, however, is liable to an Owner or other person for its failure or inability to collect or attempt to collect an Assessment. The following remedies are in addition to and not in substitution for all other rights and remedies that the Association has.

8.1.1 Delinquency. An Assessment is delinquent if the Association does not receive payment in full by the Assessment's due date.

8.1.2 Notice to Mortgagee. The Board may notify and communicate with the holder of any lien against a Lot regarding the Owner's default in payment of Assessments.

8.1.3 Interest. Delinquent Assessments are subject to interest from the due date until paid, at a rate to be determined by the Board from time to time, not to exceed the lesser of eighteen percent (18%) or the maximum permitted by law. If the Board fails to establish a rate, the rate is ten percent (10%) per annum. Interest is an Individual Assessment.

8.1.4 Late Fees. Delinquent Assessments are subject to reasonable late fees, at a rate to be determined by the Board from time to time. Late fees are an Individual Assessment.

8.1.5 Costs of Collection. The Owner of a Lot against which Assessments are delinquent is liable to the Association for reimbursement of reasonable costs incurred by the Association to collect the delinquent Assessments, including attorneys' fees and processing fees charged by the manager. Collection costs are an Individual Assessment.

8.1.6 Acceleration. If an Owner defaults in paying an Assessment that is payable in installments, the Board may accelerate the remaining installments on ten (10) days' written notice to the defaulting Owner. The entire unpaid balance of the Assessment becomes due on the date stated in the notice.

8.1.7 Suspension of Use and Vote. If an Owner's account has been delinquent for at least thirty (30) days, the Board may suspend the right of Owners and Residents to use Common Areas, common services and/or pool privileges, if any, during the period of delinquency. The Board may not suspend an Owner or Resident's right of access to the Lot. The Board may also suspend the right to vote appurtenant to the Lot. Suspension does not constitute a waiver or discharge of the Owner's obligation to pay Assessments.

8.1.8 Money Judgment. The Association may file suit seeking a money judgment against an Owner delinquent in the payment of Assessments, without foreclosing or waiving the Association lien for Assessments.

8.1.9 Foreclosure of Assessment Lien. As provided by Article 7 of this Declaration, the Association may foreclose its lien against the Lot by judicial or non judicial means.

8.1.10 Application of Payments. The Board may adopt and amend policies regarding the application of payments. The Board may refuse to accept partial payment, i.e., less than the full amount due and payable. The Board may also refuse to accept payments to which the payer attaches conditions or directions contrary to the Board's policy for applying payments. The Board's policy may provide that endorsement and

deposit of a payment does not constitute acceptance by the Association, and that acceptance occurs when the Association posts the payment to the Lot's account.

8.2 ENFORCING THE DOCUMENTS. The remedies provided in this Section 8.2 for breach of the Documents are cumulative and not exclusive. In addition to other rights and remedies provided by the Documents and by law, the Association has the following right to enforce the Documents:

8.2.1 Nuisance. The result of every act or omission that violates any provision of the Documents is a nuisance, and any remedy allowed by law against a nuisance, either public or private, is applicable against the violation.

8.2.2 Fine. The Association may levy reasonable charges, as an Individual Assessment, against an Owner and his Lot if the Owner or Resident, or the Owner or Resident's family, guests, employees, agents, or contractors violate a provision of the Documents. Fines may be levied for each act of violation or for each day a violation continues, and does not constitute a waiver or discharge of the Owner's obligations under the Documents.

8.2.3 Suspension. The Association may suspend the right of Owners and Residents to use Common Areas for any period during which the Owner or Resident, or the Owner or Resident's family, guests, employees, agents, or contractors violate the Documents. A suspension does not constitute a waiver or discharge of the Owner's obligations under the Documents.

8.2.4 Self-Help. The Association has the right to enter any part of the Property, including Lots, to abate or remove, using force as may reasonably be necessary, any erection, thing, animal, person, vehicle, or condition that violates the Documents. In exercising this right, the Board is not trespassing and is not liable for damages related to the abatement. The Board may levy its costs of abatement against the Lot and Owner as an Individual Assessment. Unless an emergency situation exists in the good faith opinion of the Board, the Board will give the violating Owner fifteen (15) days' written notice of its intent to exercise self-help. Notwithstanding the foregoing, the Association may not alter or demolish an item of construction on a Lot without judicial proceedings.

8.2.5 No Waiver. The Association and every Owner has the right to enforce all restrictions, conditions, covenants, liens, and charges now or hereafter imposed by the Documents. Failure by the Association or by any Owner to enforce a provision of the Documents is not a waiver of the right to do so thereafter.

8.3 NOTICE AND HEARING. Before levying a fine for violation of the Documents (other than nonpayment of Assessments), or before levying an Individual Assessment for property damage, the Association will give the Owner written notice of the levy and an opportunity to be heard. The Association's written notice must contain:

- a. a description of the violation or property damage;
- b. the amount of the proposed fine or damage charge;
- c. a statement that not later than the 30th day after the date of the notice, the Owner may request a hearing before the Board to contest the fine or charge; and
- d. a stated date by which the Owner may cure the violation to avoid the fine unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months.

The Association may, but shall not be obligated to, also give a copy of the notice to the Resident. Pending the hearing, the Association may continue to exercise its other rights and remedies for the violation, as if the declared violation were valid. The Owner's request for a hearing suspends only the levy of a fine or damage charge. The Owner may attend the hearing in person, or may be represented by another person or written communication. The Board may adopt additional procedures and requirements for notices and hearing.

ARTICLE 9 PROPERTY EASEMENTS AND RIGHTS

9.1 GENERAL. In addition to other easements and rights established by the Documents, the Property is subject to the easements and rights contained in this Article.

9.2 OWNER'S EASEMENT OF ENJOYMENT. Every Owner is granted a right and easement of enjoyment and use over the Common Areas, subject to other rights and easements contained in the Documents. An Owner may delegate this right of enjoyment and use to the Residents of his Lot.

9.3 OWNER'S MAINTENANCE EASEMENT. Every Owner is granted an easement over adjoining Lots and Common Areas for the maintenance or reconstruction of his Dwelling, subject to the consent of the Owner of the adjoining Lot, or the Association in the case of Common Areas, and provided the easement does not damage or materially interfere with the use of the adjoining Lot or Common Area. Requests for entry onto an adjoining Lot or Common Area will be made in advance for a time reasonably convenient for the adjoining Owner, who may not unreasonably withhold consent. If an Owner damages an adjoining Lot or Common Area in exercising this easement, the Owner is obligated to restore the damaged property to its original condition, at his expense, within a reasonable period of time.

9.4 OWNER'S INGRESS & EGRESS EASEMENT. Every Owner is granted a perpetual easement over the Property, as may be reasonably required, for ingress to and egress from his Lot.

9.5 ASSOCIATION'S ACCESS EASEMENT. The Association is granted an easement of access and entry to every Lot and Common Area to perform maintenance, to enforce architectural and use restrictions, to respond to emergencies, and to perform any other duties required or allowed by the Documents.

9.6 UTILITY EASEMENT. The Association may grant permits, licenses, and easements over Common Areas for utilities, roads, and other purposes necessary for the proper operation of the Property. A company or entity, public or private, furnishing utility service to the Property, is granted an easement over the Property for ingress, egress, meter reading, installation, maintenance, repair, or replacement of utility lines and equipment, and to do anything else necessary to properly maintain and furnish utility service to the Property; provided, however, this easement may not be initiated without prior written notice to the Board. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, master or cable television, and security.

9.7 ENCROACHMENT EASEMENT. If any portion of a Dwelling encroaches upon any Common Area or upon an adjoining Lot now existing or which may come into existence hereafter as a result of construction, overhangs, brick ledges, repair, shifting, settlement, or movement of any portion of a Dwelling, or as a result of condemnation or eminent domain proceedings, a valid easement for such encroachment shall exist and such encroachment shall remain undisturbed so long as the Dwelling stands.

READERS, PLEASE PAY PARTICULAR HEED TO
THE NEXT PROVISION TITLED "SECURITY"

9.8 SECURITY. The Association may, but is not obligated to, maintain or support certain activities within the Property designed, either directly or indirectly, to improve safety in or on the Property. Each Owner and Resident acknowledges and agrees, for himself and his guests, that Declarant, the Association, and its Directors, Officers, committees, agents, and employees are not providers, insurers, or guarantors of security within the Property. Each Owner and Resident acknowledges and accepts his sole responsibility to provide security for his own person and property, and assumes all risks for loss or damage to same. Each Owner and Resident further acknowledges that Declarant, the Association, and its Directors, Officers, committees, agents, and employees have made no representations or warranties, nor has the Owner or Resident relied on any representation or warranty, express or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire, burglar, and/or intrusion systems recommended or installed, or any security measures undertaken within the Property. Each Owner and Resident acknowledges and agrees that Declarant, the Association, and its Directors, Officers, committees, agents, and employees may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

9.9 MINERAL INTERESTS. In the era in which this Declaration is written, there is renewed interest in oil and gas exploration.

9.9.1 Mineral Interests Reserved. On the date of this Declaration, it is expected that all mineral interests will have been reserved by a prior owner of the Property or conveyed pursuant to one or more deeds or other instruments recorded in the Real Property Records of Harrison County, Texas, including but not limited to rights to all oil,

gas, or other minerals lying on, in, or under the Property and surface rights of ingress and egress. Because the instruments conveying or reserving mineral interests were recorded prior to this Declaration, those interests in the Property are superior and are not affected by any provision to the contrary in this Declaration. By accepting title to or interest in a Lot, every Owner acknowledges the existence of the mineral rights and/or reservations referenced in this Section 9.9 and the attendant rights in favor of the owner or owners of the mineral interests.

9.9.2 Mineral Reservation by Declarant. In the event (1) a mineral interest for any part of the Property has not been reserved or conveyed prior to Declarant's conveyance of the Property, or (2) a reservation or conveyance of mineral interests is determined to be invalid or to have terminated, Declarant hereby reserves for itself all right, title, and interest in and to the oil, gas, and other minerals in and under and that may be produced from the Property, to have and to hold forever.

9.9.3 Association as Trustee. By accepting title to or interest in a lot, each Owner acknowledges that any oil, gas, mineral, water, or other natural element in, on, under, or over any part of the Property that has not previously been reserved or conveyed is owned by the Association for the collective and undivided benefit of all owners of the Property. In support of that purpose, each Owner - by accepting title to or interest in a Lot - irrevocably appoints the Association, acting through the Board, as his trustee to negotiate, receive, administer, and distribute the proceeds of any interest in oil, gas, mineral, water, or other natural element in, on, under, or over the Owner's Lot and that may be produced from the Owner's Lot for the collective and undivided benefit of all owners of the Property.

ARTICLE 10 ARCHITECTURAL COVENANTS AND CONTROL

10.1 PURPOSE. Because the houses are part of the same community, this Declaration creates rights to regulate the design, use, and appearance of the Lots and Common Areas in order to preserve and enhance the Property's value and architectural harmony. One purpose of this Article 10 is to promote and ensure the level of taste, design, quality, and harmony by which the Property is developed and maintained. Another purpose is to prevent improvements and modifications that may be widely considered to be radical, curious, odd, bizarre, or peculiar in comparison to then existing improvements. A third purpose is to regulate the appearance of every aspect of proposed or existing improvements on a Lot, including but not limited to houses, fences, landscaping, retaining walls, yard art, driveways, and further including replacements or modifications of original construction or installation. During the Development Period, a primary purpose of this Article 10 is to reserve and preserve Declarant's right of architectural control.

10.2 ARCHITECTURAL CONTROL DURING THE DEVELOPMENT PERIOD. During the Development Period, neither the Association, the Board, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of new homes on vacant Lots. During the Development Period, the architectural reviewer for new homes on vacant Lots is the Declarant or its delegates.

10.2.1 Declarant's Rights Reserved. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees that Declarant has a substantial interest in ensuring that the improvements within the Property enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market its property or the ability of builders to sell homes in the Property. Accordingly, each Owner agrees that, during the Development Period, no Improvements will be started or progressed on Owner's Lot without the prior written approval of Declarant, which approval may be granted or withheld at Declarant's sole discretion. In reviewing and acting on an application for approval, Declarant may act solely in its self-interest and owes no duty to any other person or any organization. Declarant may designate one or more persons from time to time to act on its behalf in reviewing and responding to applications.

10.2.2 Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article 10 to (1) a modifications or architectural committee appointed by Declarant or by the Board, (2) a modifications or architectural committee elected by the Owners, or (3) a committee comprised of architects, engineers, or other persons who may or may not be members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason.

10.3 ARCHITECTURAL CONTROL BY ASSOCIATION. Unless and until such time as Declarant delegates all or a portion of its reserved rights to the Architectural Control Committee (the "ACC"), or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through the ACC will assume jurisdiction over architectural control. The ACC will consist of three (3) persons appointed by the Board, pursuant to the Bylaws. Members of the ACC serve at the pleasure of the Board and may be removed and replaced at the Board's discretion. At the Board's option, the Board may act as the ACC, in which case all references in the Documents to the ACC are construed to mean the Board. Members of the ACC need not be Owners or Residents, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the Board.

10.4 LIMITS ON LIABILITY. The architectural reviewer has sole discretion with respect to taste, design, and all standards specified by this Article 10. The architectural reviewer and each of its members has no liability for decisions made in good faith by the architectural reviewer, and which are not arbitrary or capricious. The architectural reviewer is not responsible for: (1) errors in or omissions from the plans and specifications submitted to the architectural reviewer, (2) supervising construction for the Owner's compliance with approved plans and specifications, or (3) the compliance of the Owner's plans and specifications with governmental codes and ordinances, state and federal laws.

10.5 PROHIBITION OF CONSTRUCTION, ALTERATION & IMPROVEMENT.

Without the architectural reviewer's prior written approval, a person may not construct a Dwelling or make an addition, alteration, improvement, installation, modification, redecoration, or reconstruction of or to the Property, if it will be visible from a street, another Lot, or the Common Areas. The architectural reviewer has the right but not the duty to evaluate every aspect of construction, landscaping and property use that may adversely affect the general value or appearance of the Property.

10.6 ARCHITECTURAL GUIDELINES. Declarant during the Development Period, and the Association thereafter, may publish architectural restrictions, guidelines, and standards, which may be revised from time to time to reflect changes in technology, style, and taste.

NO CHANGES TO HOMES OR LOTS WITHOUT ARCHITECTURAL APPROVAL.

10.7 ARCHITECTURAL APPROVAL. To request architectural approval, an Owner must make written application and submit to the architectural reviewer two (2) identical sets of plans and specifications showing the nature, kind, shape, color, size, materials, and locations of the work to be performed. In support of the application, the Owner may but is not required to submit letters of support or non-opposition from Owners of Lots that may be affected by the proposed change. The application must clearly identify any requirement of this Declaration for which a variance is sought. The architectural reviewer will return one set of plans and specifications to the applicant marked with the architectural reviewer's response, such as "Approved," "Denied," or "More Information Required." The architectural reviewer will retain the other set of plans and specifications, together with the application, for the architectural reviewer's files.

10.7.1 No Verbal Approval. Verbal approval by an architectural reviewer, the Declarant, an Association director or officer, a member of the ACC, or the Association's manager does not constitute architectural approval by the appropriate architectural reviewer, which must be in writing.

10.7.2 No Deemed Approval. The failure of the architectural reviewer to respond to an application may not be construed as approval of the application. **Under no circumstance may approval of the architectural reviewer be deemed, implied, or presumed.**

10.7.3 No Approval Required. Approval is not required for an Owner to remodel or repaint the interior of a patio home.

10.7.4 Building Permit. If the application is for work that requires a building permit from a governmental body, the architectural reviewer's approval is conditioned on the issuance of the appropriate permit. The architectural reviewer's approval of plans and specifications does not mean that they comply with the requirements of the governmental body. Alternatively, governmental approval does not ensure architectural reviewer approval.

10.7.5 Neighbor Input. The Architectural Reviewer may solicit comments on the application, including from Owners or Residents that may be affected by the proposed change, or from which the proposed change may be visible. Whether to solicit comments, from whom to solicit comments, and whether to make the comments available to the applicant is solely at the discretion of the architectural reviewer. The architectural reviewer is not required to respond to the commenters in ruling on the application.

10.7.6 Declarant Approved. Notwithstanding anything to the contrary in this Declaration, any improvement to the Property made or approved by Declarant during the Development Period is deemed to have been approved by the architectural reviewer.

ARTICLE 11 CONSTRUCTION RESTRICTIONS

11.1 SUBJECT TO ACC RESTRICTIONS. In addition to the restrictions contained in this Article and the following Article, each Lot is subject to any architectural restrictions developed by the ACC and published by the Association. The provisions of this Article may be treated as the minimum requirements for improving a Lot. The ACC may promulgate additional restrictions, as well as interpretations, additions, and specifications of the restrictions contained in this Article. An Owner should review the Association's architectural restrictions, if any, before planning improvements, repairs, or replacements to his Lot and Dwelling.

BEFORE MAKING ANY IMPROVEMENT OR ALTERATION
TO A LOT OR DWELLING AN OWNER SHOULD CONTACT
THE ASSOCIATION FOR THE MOST RECENT
ARCHITECTURAL RESTRICTIONS.

11.2 HOUSES. The principle improvement on a Lot must be one (1) single-family Dwelling. Without the ACC's prior written approval for a variance, each Dwelling must have the following characteristics:

11.2.1 Set Backs. The front-line and side-line set backs of each Dwelling must be approved by the Association, and must, at a minimum, comply with the requirements of the City of Hallsville's subdivision ordinance or building code that is in effect at the time all permits necessary to commence construction are issued. In this regard, the Association may require set backs for Dwellings which are more restrictive than the front-line and side-line set backs as required by the City of Hallsville, but in any event the Association's set back line requirements shall be reasonable and applied in a consistent manner to all Owners.

11.2.2 New Construction. Dwellings must be constructed on the Lot. A Dwelling or addition constructed elsewhere may not be moved onto a Lot. The construction of a Dwelling must be started promptly after the ACC approves the Dwelling's plans and specifications. At the start of construction -- but not before, building material to be used

in the construction may be stored on the Lot. Once started, the Dwelling and all improvements on the Lot must be completed with due diligence, but in no event may the construction period exceed twelve (12) months unless otherwise expressly provided in the approval by the ACC.

11.2.3 Garage. All Dwellings will have an attached garage for parking at least two (2) standard-size cars, unless otherwise required by the City of Hallsville. The garage for each Dwelling located on a 55' Lot shall be front entry only. The garage for each Dwelling located on a 80' Lot shall be front or side entry. The garage for each Dwelling located on a 100' Lot shall be side entry only.

11.2.4 Size. The total air-conditioned living area of the Dwelling, exclusive of open porches, garages, patios, and detached accessory buildings will not be less than (a) 1,400 square feet for Dwellings located on a 55' Lot, (b) 2,000 square feet for Dwellings located on a 80' Lot, and (c) 2,600 square feet for Dwellings located on a 100' Lot,

11.2.5 Exterior Wall Materials. Unless a higher percentage is required by the City of Hallsville, at least seventy-five percent (75%) of the Dwelling's total exterior wall area, minus windows and doors, must be masonry, such as brick veneer or stucco. However, the Dwelling's front exterior wall (minus windows and doors) must be seventy-five percent (75%) masonry. In calculating the area required to be masonry on the side and rear exterior walls -- but not the front wall -- exclude gables or other areas above the height of the top of standard-height first-floor windows. Vinyl siding may not be used on any exterior walls of any Dwelling. In addition to the requirements of this Section, it is strongly recommended that ten percent (10%) to twenty percent (20%) of the total exterior wall area (minus windows and doors) of each Dwelling for a majority of the Dwellings located in Germantown Ranch be constructed of stone veneer.

11.2.6 Roofing Materials. Roofs must be covered with weathered wood blend composition shingles in either (i) charcoal or (ii) gray, with at least a thirty (30) year warranty, or such other roofing materials as approved in writing by the ACC.

11.2.7 Accessories. Installation of all exterior items and surfaces, including address numbers, decorative hardware, external ornamentation, lights fixtures, and exterior paint and stain, is subject to the ACC's prior approval, including approval of design, color, materials, and location.

11.2.8 Roof Restrictions.

(a) All Residences shall have a minimum of a 9:12 roof pitch, and the front and side pitch must match.

(b) Vent stacks and other roof penetrations shall be placed on roof planes other than those visible from the street and Common Areas, unless specifically approved by the ACC.

11.3 DRIVEWAYS. Without the ACC's prior written approval: (i) a driveway on a Lot must be surfaced with concrete; (ii) side approach driveways are not allowed on any Lot, except

corner Lots; and (iii) on corner Lots, driveway approaches to garages must be standard driveway approaches along the Lot line that is contiguous to another Lot's lot line, and not along the Lot line that abuts an adjacent street.

11.4 FENCES & WALLS. This Section is subject to the ACC's right to adopt specifications for construction or reconstruction of fences. Fences must be made of wood or other ACC-approved material; provided, however, the rear fence constructed on all Greenbelt Lots shall be made only of wrought iron. Retaining walls must be constructed entirely with ACC-approved materials, however railroad ties, landscape timbers and creosote logs may not be used for any retaining walls. Fences may not be constructed between a Dwelling's front building line and the street. Homebuilders and/or Owners of adjoining Lots shall use good faith efforts to coordinate construction or reconstruction of fences so that adjacent fences be aligned in a complementary and symmetrical manner.

11.5 UTILITIES. All utility lines and equipment must be located underground, except for: (1) elevated or surface lines or equipment required by a public utility or the City of Hallsville; (2) elevated or surface lines or equipment installed by Declarant as part of the development plan; and (3) surface equipment necessary to maintain, operate, or read underground facilities, such as meters, risers, service pedestals, and transformers. The ACC may require that utility meters, risers, pedestals, and transformers be visually screened from the street and neighboring Lots. Each Lot will use city water and sewage systems. Individual water supply and sewage disposal systems are not permitted.

11.6 AIR CONDITIONERS. Air conditioning equipment may not be installed in the front yard of a Dwelling. Window units are prohibited. The ACC may require that air-conditioning equipment and apparatus be visually screened from the street and neighboring Lots.

11.7 NO SUBDIVISION. No Lot may be subdivided.

11.8 DEBRIS. No Lot or other part of the Property may be used as a dumping ground. Waste materials incident to construction or repair of improvements on a Lot may be stored temporarily on the Lot during construction while work progresses.

11.9 LANDSCAPING. All front yards and side yards on all Lots must be sodded or hydro-mulched within two (2) months after occupancy of the Dwelling. Side yards on corner Lots must be sodded or hydro-mulched the full length of the property line adjacent to the street. After sodding or hydro-mulching, all yards must be maintained with grass or landscaping in a neat and well mown condition, free of unsightly weeds and overgrowth. The homebuilder and/or Owner will be responsible for planting and maintaining (i) at least one (1) two inch (2") caliper tree on each Lot, and (ii) any additional trees and/or landscaping located on each Lot. Planting of live oak trees is strongly recommended. Planting of pear trees is prohibited. No rocks, cactus or desert landscaping will be permitted on any Lot without the prior written approval by the ACC. Each Lot must contain a sprinkler system which shall be maintained in working order by the homebuilder or Owner, as provided in Section 5.3.2 hereof.

11.10 ACCESSORY STRUCTURES. Accessory structures and sheds including, but not limited to, dog houses, gazebos, storage sheds, playhouses, and greenhouses, must be approved

by the Association prior to being constructed and/or located on any Lot. Notwithstanding the foregoing, accessory structures may not be constructed and/or located on any Greenbelt Lot or the street-side of any corner Lot, nor constructed and/or located on any Lot where such accessory structures would be visible from adjoining Lots and/or streets.

ARTICLE 12 USE RESTRICTIONS

12.1 ASSOCIATION'S RIGHT TO PROMULGATE RULES. The Association, acting through its Board, is granted the right to adopt, amend, repeal, and enforce reasonable Rules, and penalties for infractions thereof, regarding the occupancy, use, disposition, maintenance, appearance, and enjoyment of the Property. In addition to the restrictions contained in this Article, each Lot is owned and occupied subject to the right of the Board to establish Rules, and penalties for infractions thereof, governing:

- a. Use of Common Areas.
- b. Hazardous, illegal, or annoying materials or activities on the Property.
- c. The use of Property-wide services provided through the Association.
- d. The consumption of utilities billed to the Association.
- e. The use, maintenance, and appearance of portions of Dwellings visible from the street or other Dwellings, such as roofs, windows, doors, porches, and fences.
- f. Landscaping and maintenance of yards.
- g. The occupancy and leasing of Dwellings.
- h. The types, sizes, numbers, locations, and behavior of animals at the Property.
- i. The types, sizes, numbers, conditions, uses, appearances, and locations of motorized and recreational vehicles on the Property.
- j. Disposition of trash and control of vermin, termites, and pests.
- k. Anything that interferes with maintenance of the Property, operation of the Association, administration of the Documents, or the quality of life for Residents.

12.2 RESIDENTIAL USE. The use of a Lot is limited exclusively to residential purposes or any other use permitted by this Declaration. This residential restriction does not, however, prohibit a Resident from using a Dwelling for personal business or professional pursuits provided that: (i) the uses are incidental to the use of the Dwelling as a residence; (ii) the uses conform to all applicable governmental ordinances; (iii) there is no external evidence of the such use; (iv) the use does not entail visits to the Lot by employees or the public in quantities

that materially increase the number of vehicles parked on the street; and (v) such use does not interfere with Residents' use and enjoyment of neighboring Lots.

12.3 OCCUPANCY. Other than the completed principle Dwelling, no thing or structure on a Lot (including the garage) may be occupied as a residence at any time by any person.

12.4 CONDITIONS OF LEASE. Whether or not it is so stated in a lease, every lease is subject to the Documents. An Owner is responsible for providing any and all tenants with copies of the Documents and notifying such tenant(s) of changes thereto. Failure by the tenant or his invitees to comply with the Documents, federal or State law, or local ordinance is deemed to be a default under the lease. When the Association notifies an Owner of his tenant's violation, the Owner will promptly obtain his tenant's compliance or exercise his rights as a landlord for tenant's breach of lease. If the tenant's violation continues or is repeated, and if the Owner is unable, unwilling, or unavailable to obtain his tenant's compliance, then each Owner hereby grants, and the Association has, the power and right to pursue the remedies of a "landlord" under the lease and/or State law for the default, including eviction of the tenant. The Owner of a leased Dwelling is liable to the Association for any expenses incurred by the Association in connection with enforcement of the Documents against his tenant. The Association is not liable to the Owner for any damages, including lost rents, suffered by the Owner in relation to the Association's enforcement of the Documents against the Owner's tenant.

12.5 ANNOYANCE. No Lot or Common Area may be used in any way that: (i) may reasonably be considered annoying to neighbors; (ii) may be calculated to reduce the desirability of the Property as a residential neighborhood; (iii) may endanger the health or safety of Residents; (iv) may result in the cancellation of insurance on the Property; or (v) will violate any law. The Board has the sole authority to determine what constitutes an annoyance.

12.6 ANIMALS. No animal, bird, fish, reptile, or insect of any kind may be kept, maintained, raised, or bred anywhere on the Property for a commercial purpose or for food. Customary domesticated household pets may be kept subject to the Rules. Unless the Rules provide otherwise:

12.6.1 Number. No more than four (4) pets may be maintained in each Dwelling. Permission to maintain other types or additional numbers of household pets must be obtained in writing from the Board.

12.6.2 Disturbance. Pets must be kept in a manner that does not disturb the peaceful enjoyment of Residents of other Lots. No pet may be permitted to bark, howl, whine, screech, or make other loud noises for extended or repeated periods of time.

12.6.3 Indoors/Outdoors. Subject to the limited yard privilege below, a permitted pet must be maintained inside the Dwelling, and may not be kept on a patio or in a fenced yard. No pet is allowed on the Common Area unless carried or leashed.

12.6.4 Limited Yard Privilege. Dogs and cats may be kept in fenced yards only if they do not disturb or annoy people on the Property. The Board is the sole arbiter of what constitutes a disturbance or annoyance. If the Board determines that a dog or cat disturbs

people, the Board may permanently revoke the privilege of keeping the dog or cat in the fenced yard. Thereafter, the dog or cat must be maintained inside the Dwelling.

12.6.5 Pooper Scooper. Resident is responsible for the removal of his pet's wastes from the Property. Unless the Rules provide otherwise, a Resident must prevent his pet from relieving itself on the Common Area or the Lot of another Owner.

12.6.6 Liability. An Owner is responsible for any property damage, injury, or disturbance caused or inflicted by an animal kept on the Lot. The Owner must compensate any person injured by the animal. The Owner of a Lot on which an animal is kept is deemed to indemnify and to hold harmless the Board, the Association, and other Owners and Residents, from any loss, claim, or liability resulting from any action of the animal or arising by reason of keeping the animal on the Lot or having the animal on the Property.

12.7 APPEARANCE. Both the Lot and the Dwelling must be maintained in a manner so as not to be unsightly when viewed from the street or neighboring Lots. The ACC is the arbitrator of acceptable appearance standards.

12.8 WINDOW TREATMENTS. Without the ACC's prior written approval, all window treatments within the Dwelling that are visible from the street or another Dwelling must appear to be white in color.

12.9 SIGNS. No signs advertising the Lots for sale or lease, other advertising signs, or unsightly objects may be erected, placed, or permitted to remain on the Property or to be visible from windows in the Dwelling without the Board's prior written approval. The Board's approval may specify the location, nature, appearance, dimensions, number, and time period of any advertising sign. The Association may effect the removal of any sign that violates this Section without liability for trespass or any other liability connected with the removal. Notwithstanding the foregoing, and subject to the Board's disapproval, an Owner may erect, per Lot, one professionally made sign of not more than five (5) square feet advertising the Lot for sale.

12.10 GARAGES. Without the Board's prior written approval, the original garage area of a Lot may not be enclosed or used for any purpose that prohibits the parking of operable vehicles therein. All mechanical and operational aspects of the garage door are to be maintained by its Owner. Garage doors are to be kept closed at all times except when a vehicle is entering or leaving.

12.11 DRIVEWAYS. The driveway portion of a Lot may not be used for any purpose that interferes with its ongoing use as a route of vehicular access to the garage. Without the Board's prior approval, a driveway may not be used: (1) for storage purposes, including storage of boats, trailers, and inoperable vehicles; or (2) for repair or restoration of vehicles.

12.12 ANTENNA. Without the ACC's prior written approval subject to applicable Federal laws, the following items are prohibited if visible from the street or from another Lot or Dwelling: exterior or roof-mounted antenna, microwave dish, satellite dish, receiving or transmitting tower, and other equipment for sending or receiving audio or video messages.

12.13 SCREENING. The Owner of a Lot must screen the following items from the view of the public and neighboring Lots and Dwellings, if any of these items exists on the Lot. An item within a fenced yard may not exceed the height of the fence.

- a. Clotheslines, drying racks, and hanging clothes, linens, rugs, or textiles of any kind.
- b. Yard maintenance equipment.
- c. Wood piles and compost piles.
- d. Accessory structures, such as dog houses, gazebos, metal storage sheds, and greenhouses.
- e. Garbage cans and refuse containers.

12.14 TEMPORARY STRUCTURES. Improvements or structures of a temporary or mobile nature, such as sheds and mobile homes, may not be placed on a Lot if visible from a street or another Lot. However, the ACC may authorize an Owner or Owner's contractor to maintain a temporary structure (such as a portable toilet or construction trailer) on the Lot during construction of the Dwelling.

12.15 NOISE & ODOR. A Resident must exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb or annoy Residents of neighboring Lots. The Rules may prohibit the use of noise-producing security devices and wind chimes.

12.16 FIRES. Except for barbecue fires in portable grills and smokers, no exterior fires on the Property are permitted.

12.17 VEHICLES. All vehicles on the Property, whether owned or operated by the Residents or their families and guests, are subject to this Section and Rules adopted by the Board. No truck larger than 3/4 ton, any vehicle with advertising signage, mobile home, motor home, camper, bus, trailer, boat, aircraft, inoperable vehicle, or any other similar vehicle or any vehicular equipment, mobile or otherwise, which the Board deems to be a nuisance, unsightly, or inappropriate may be kept, parked, or stored anywhere on the Property without Board approval. The foregoing restriction does not apply to vehicles and equipment temporarily on the Property in connection with the construction or maintenance of a Dwelling. Vehicles that transport inflammatory or explosive cargo are prohibited from the Property at all times. The Association may effect the removal of any vehicle in violation of this Section or the Rules without liability to the Owner or operator of the vehicle.

12.18 LANDSCAPING. No person may perform landscaping, planting, or gardening on the Common Area or Areas of Common Responsibility, without the Board's prior written authorization.

12.19 DRAINAGE. No person may interfere with the established drainage pattern over any part of the Property unless an adequate alternative provision for proper drainage has been approved by the Board.

ARTICLE 13 AMENDMENTS

13.1 CONSENTS REQUIRED. Except as otherwise provided by this Declaration, certain amendments may be executed by Declarant alone or by the Board alone.

13.2 METHOD OF AMENDMENT. This Declaration may be amended by any method selected by the Board from time to time, pursuant to the Bylaws, provided the method gives an Owner of each Lot the substance if not exact wording of the proposed amendment, a description in layman's terms of the effect of the proposed amendment, and an opportunity to vote for or against the proposed amendment.

13.3 EFFECTIVE. To be effective, an amendment must be in the form of a written instrument (i) referencing the name of the Property, the name of the Association, and the recording data of this Declaration and any amendments hereto; (ii) signed and acknowledged by an Officer of the Association, certifying the requisite approval of Owners and, if required, Mortgagees; and (iii) recorded in the real property records of every county in which the Property is located.

13.4 DECLARANT PROVISIONS. No amendment may affect Declarant's rights under this Declaration without Declarant's written and acknowledged consent, which must be part of the recorded amendment instrument. Because Exhibit B of this Declaration is destined to become obsolete, beginning twenty (20) years after the date this Declaration is first recorded, the Board may restate, rerecord, or publish this Declaration without Exhibit B, provided any other exhibit is not relettered. The automatic expiration and subsequent deletion of Exhibit B does not constitute an amendment of this Declaration. This Section may not be amended without Declarant's written and acknowledged consent.

13.5 AGENCY COMPLIANCE. Exhibit B notwithstanding, as long as Declarant owns any Lot on the Property, Declarant may amend this Declaration without the consent of any other Lot Owner and/or the Board in order to comply with the requirements and provisions of the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Housing Authority (FHA), or the Veterans Administration (VA).

13.6 MERGER. Merger or consolidation of the Association with another association must be evidenced by an amendment to this Declaration. The amendment must be approved by Owners of at least a Majority of the Lots. Upon a merger or consolidation of the Association with another association, the property, rights, and obligations of another association may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving corporation pursuant to the merger. The surviving or consolidated association may administer the provisions of the Documents within the Property, together with the covenants and restrictions established upon any other property under its jurisdiction. No merger or

consolidation, however, will effect a revocation, change, or addition to the covenants established by this Declaration within the Property.

ARTICLE 14 INSURANCE

14.1 GENERAL PROVISIONS. All insurance affecting the Property is governed by the provisions of this Article 14, with which the Board will make every reasonable effort to comply:

14.1.1 Common Expense. The cost of insurance coverages and bonds maintained by the Association is a "Common Expense".

14.1.2 Insurer. Insurance policies and bonds obtained and maintained by the Association must be issued by responsible insurance companies authorized to do business in the State of Texas.

14.1.3 Insured. The Association must be the named insured on all policies obtained by the Association.

14.1.4 Association as Trustee. Each Owner irrevocably appoints the Association, acting through its Board, as his trustee to negotiate, receive, administer, and distribute the proceeds of any claim against an insurance policy maintained by the Association.

14.1.5 Notice of Cancellation or Modification. Each insurance policy maintained by the Association should contain a provision requiring the insurer to give at least ten (10) days' prior written notice to the Board before the policy may be canceled, terminated, materially modified, or allowed to expire, by either the insurer or the insured.

14.1.6 Deductibles. An insurance policy obtained by the Association may contain a reasonable deductible, which will be paid by the party who would be liable for the loss or repair in the absence of insurance. If a loss is due wholly or partly to an act or omission of an Owner or Resident or their invitees, the Owner must reimburse the Association for the amount of the deductible that is attributable to the act or omission.

14.2 CASUALTY OR HAZARD. The Association will obtain blanket all-risk insurance, if reasonably available, for all Common Area improvements insurable by the Association. If blanket all-risk insurance is not reasonably available, then at a minimum, the Association will obtain an insurance policy providing fire and extended coverage. This insurance must be in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard, excluding land, foundations, and excavations.

14.2.1 Common Area Insured. The Association will insure Common Areas, including personal property owned by the Association, such as records, furniture, fixtures, equipment, and supplies. Also, the Association will insure any Lot owned by the Association:

14.2.2 Endorsements. To the extent reasonably available, the Association will obtain endorsements to its hazard insurance policy as required by the "Endorsements" paragraph of the Mortgagee Protection article of this Declaration.

14.3 GENERAL LIABILITY. The Association will maintain a commercial general liability insurance policy over the Common Areas -- expressly excluding the liability of each Owner and Resident within his Lot -- for bodily injury and property damage resulting from the operation, maintenance, or use of the Common Areas. If the policy does not contain a severability of interest provision, it should contain an endorsement to preclude the insurer's denial of an Owner's claim because of negligent acts of the association or other Owners

14.4 DIRECTORS' & OFFICERS' LIABILITY. To the extent it is reasonably available, the Association will maintain Directors' and Officers' liability insurance, errors and omissions insurance, indemnity bonds, or other insurance the Board deems advisable to insure the Association's Directors, Officers, committee members, and managers against liability for an act or omission in carrying out their duties in those capacities.

14.5 OTHER COVERAGES. The Association may maintain any insurance policies and bonds deemed by the Board to be necessary or desirable for the benefit of the Association, including but not limited to the following:

14.5.1 Worker's Compensation. The Association may maintain worker's compensation insurance if and to the extent necessary to meet the requirements of State law or if the Board so chooses.

14.5.2 Fidelity Coverage. The Association may maintain blanket fidelity coverage for any person who handles or is responsible for funds held or administered by the Association, whether or not the person is paid for his services. The policy should be for an amount that exceeds the greater of (1) the estimated maximum funds, including reserve funds that will be in the Association's custody at any time the policy is in force; or (2) an amount equal to three [3] months of Regular Assessments on all Lots. A management agent that handles Association funds should be covered for its own fidelity insurance policy with the same coverages.

ARE YOU COVERED?

THE ASSOCIATION DOES NOT INSURE THE INDIVIDUALLY OWNED LOTS, DWELLINGS, OR CONTENTS OF DWELLINGS. THE ASSOCIATION STRONGLY URGES EACH OWNER AND RESIDENT TO ADEQUATELY INSURE HIS PROPERTY. THE POLICIES MAINTAINED BY THE ASSOCIATION ARE NOT FOR THE BENEFIT OF INDIVIDUAL OWNERS AND RESIDENTS.

ARTICLE 15 RECONSTRUCTION CONDEMNATION & TERMINATION

15.1 ASSOCIATION AS TRUSTEE. By accepting an interest in or title to a Lot, each Owner appoints the Association, acting through its board, as trustee to deal with the Property in the event of damage, destruction, obsolescence, condemnation, or termination of all or a substantial part of the Property. As trustee, the Association has full and complete authority, right, and power to do all things reasonable and necessary to effect the provisions of this Declaration, including, without limitation, the right to receive, administer, and distribute funds, awards, and insurance proceeds; to effect the sale of the Property as permitted by this Declaration; and to make, execute, and deliver any contract, deed, or other instrument with respect to the interest of an Owner.

15.2 RESTORATION AFTER DAMAGE.

15.2.1 By Association. The Association will promptly repair or restore any damaged or destroyed portion of the Property that the Association owns or is obligated to insure. Common Areas will be repaired and restored substantially as they existed immediately prior to the damage or destruction, unless alternate plans and specifications are approved by Owners of at least a Majority of the Lots. If insurance proceeds or condemnation awards are not sufficient to restore the damaged Property, the Board may levy a Special Assessment to fund the deficiency.

15.2.2 By Owner. Each Owner is responsible for the repair or reconstruction of his Dwelling and Lot. An Owner will begin repair and restoration of his Dwelling within sixty (60) days after the date of damage. If an Owner fails or refuses to rebuild or restore the improvements on his Lot, the Association may take any steps it considers reasonable and necessary to reduce the adverse affects of the damage on the Property, and may charge the Owner and his Lot with the cost thereof as an Individual Assessment, after giving the Owner reasonable notice of the Association's intent to do so.

15.2.3 Insurance Deductibles. If repair or restoration of Common Areas is required as a result of an insured loss, the Board may levy an Individual Assessment, in the amount of the insurance deductible, against the Owner or Owners who would be responsible for the repair in the absence of insurance.

15.3 CONDEMNATION. If any part of the Property is condemned, the Board may execute an amendment of this Declaration to describe the altered parameters of the Property. If the Association replaces or restores Common Areas taken by condemnation by obtaining other land or constructing additional improvements, the Board may execute an amendment without the prior consent of Owners to describe the altered parameters of the Property and any corresponding change of facilities or improvements.

15.4 TERMINATION. Termination of the terms of this Declaration and the status of the Property as a planned development community are according to the following provisions:

15.4.1 Substantial Taking. In the event of substantially total damage, destruction, or condemnation of the Property, an amendment to terminate must be approved by Owners of at least sixty-seven (67%) of the Lots.

15.4.2 Total Taking. In the event of condemnation of the entire Property, an amendment to terminate may be executed by the Board without a vote of Owners.

15.4.3 Other Circumstances. In all other circumstances, an amendment to terminate must be approved by Owners of at least eighty percent (80%) of the Lots and by certain Mortgagees pursuant to the Mortgagee Protection article of this Declaration.

ARTICLE 16 GENERAL PROVISIONS

16.1 COMPLIANCE. The Owners hereby covenant and agree that the administration of the Association will be in accordance with the provisions of the Documents and all applicable laws, regulations, and ordinances, as same may be amended from time to time, of any, governmental or quasi-governmental entity having jurisdiction over the Association or Property.

16.2 PROFESSIONAL MANAGEMENT. Professional management of the Association is required and any contract for professional management may not require more than ninety (90) days' notice to terminate nor payment of a termination penalty. If Declarant enters into a professional management contract on behalf of the Association during the Development Period, the Association shall have the right to terminate the contract without cause or penalty at any time after expiration of the Development Period; provided, however, the requirement for professional management shall remain in effect until such time as Declarant no longer owns any Lots; provided, further, any termination or change to such professional management contract after expiration of the Development Period must be approved by Owners of at least ninety percent (90%) of the Lots.

16.3 FAIR HOUSING COMPLIANCE. The Association affirmatively desires and intends to comply with the spirit and letter of fair housing laws and ordinances. The provisions of this Declaration and the Rules promulgated by the Board may not be used to discriminate against any class of people protected by fair housing laws and ordinances.

16.4 NOTICE. All demands or other notices required to be sent to an Owner or Resident by the terms of this Declaration may be sent by ordinary or certified mail, postage prepaid, to the party's last known address as it appears on the records of the Association at the time of mailing. If an Owner fails to give the Association an address for mailing notices, all notices may be sent to the Owner's Lot, and the Owner is deemed to have been given notice whether or not he actually receives it.

16.5 SEVERABILITY. Invalidity of any provision of this Declaration by judgment or court order does not affect any other provision, which remains in full force and effect. The effect of a general statement is not limited by the enumeration of specific matters similar to the general.

16.6 CAPTIONS. The captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer.

16.7 INTERPRETATION. Whenever used in the Documents, unless the context provides otherwise, a reference to a gender includes all genders. Similarly, a reference to the singular includes the plural, the plural the singular, where the same would be appropriate.

16.8 DURATION. The provisions of this Declaration run with and bind the Property, and will remain in effect for a period of thirty (30) years from the date recorded with the County Clerk of Harrison County, Texas, after which time such Declaration shall automatically renew for successive periods of ten (10) years unless an instrument signed by the majority of Owners of the Lots has been recorded authorizing such amendment or termination as provided therein.

ARTICLE 17 DISPUTE RESOLUTION

17.1 COOPERATION. (If only this Declaration could guarantee that neighbors would work together on matters affecting their adjoining properties.) Each Owner and Resident must endeavor to exercise his rights under this Declaration in a manner calculated to respect the rights, privacy, and privileges of Owners and Residents of adjoining Lots. Each Owner will make a diligent effort to be cooperative, responsive, and civil in communications pertaining to the purposes of this Declaration. No provision of this Declaration may be interpreted as authority for one Owner to harass, inconvenience, tyrannize, or otherwise impose himself on another Owner or the Owner's Lot. If a dispute arises between Owners on a matter pertaining to the Property or this Declaration, the Owners will employ the dispute resolution procedures of this Article.

17.2 INTRODUCTION & DEFINITIONS. The Association, the Owners, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, the "Parties") agree to encourage the amicable resolution of disputes involving the Property and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all Claims (as hereafter defined). As used in this Article 17 only, the following words, when capitalized, have the following specified meanings:

17.2.1 "**Claim**" means any claim, grievance, or dispute between Parties involving the Property, except Exempt Claims (as defined below), and including without limitation:

- a. Claims arising out of or relating to the interpretation, application, or enforcement of the Documents.
- b. Claims relating to the rights and/or duties of Declarant as Declarant under the Documents.
- c. Claims relating to the design, construction, or maintenance of the Property.

17.2.2 "**Claimant**" means any Party having a Claim against any other Party.

17.2.3 **"Exempt Claims"** means the following claims or actions, which are exempt from this Article:

a. The Association's claim for assessments, and any action by the Association to collect assessments.

b. An action by a Party to obtain a temporary restraining order or equivalent emergency equitable relief, and such other ancillary relief as the court deems necessary to maintain the status quo and preserve the Party's ability to enforce the provisions of this Declaration.

c. Enforcement of the easements, architectural control, maintenance, and use restrictions of this Declaration.

d. A suit to which an applicable statute of limitations would expire within the notice period of this Article, unless a Party against whom the Claim is made agrees to toll the statute of limitations as to the Claim for the period reasonably necessary to comply with this Article.

17.2.4 **"Respondent"** means the Party against whom the Claimant has a Claim.

17.3 **MANDATORY PROCEDURES.** Claimant may not file suit in a court or initiate a proceeding before any administrative tribunal seeking redress or resolution of its Claim until Claimant has complied with the procedures of this Article.

17.4 **NOTICE.** Claimant must notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely: (1) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (2) the basis of the Claim (i.e., the provision of the Governing Documents or other authority out of which the Claim arises); (3) what Claimant wants Respondent to do or not do to resolve the Claim; and (4) that the Notice is given pursuant to this Section.

17.5 **NEGOTIATION.** Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within thirty (30) days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually-acceptable place and time to discuss the Claim. At such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the property that is subject to the Claim for the purposes of inspecting the property. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the Property to take and complete corrective action.

17.6 **MEDIATION.** If the parties negotiate but do not resolve the Claim through negotiation within sixty (60) days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have thirty (30) additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least five (5) years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day

period, Claimant is deemed to have waived the Claim, and Respondent is released and discharged from any and all liability to Claimant on account of the Claim.

17.7 TERMINATION OF MEDIATION. If the Parties do not settle the Claim within thirty (30) days after submission to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate administrative proceedings on the Claim, as appropriate.

17.8 ALLOCATION OF COSTS. Except as otherwise provided in this Section, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, and Mediation sections above, including its attorneys fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator.

17.9 ENFORCEMENT OF RESOLUTION. Any settlement of the Claim through negotiation or mediation will be documented in writing and signed by the Parties. If any Party thereafter fails to abide by the terms of the agreement, then the other Party may file suit or initiate administrative proceedings to enforce the agreement without the need to again comply with the procedures set forth in this Article. In that event, the Party taking action to enforce the agreement is entitled to recover from the non-complying Party all costs incurred in enforcing the agreement, including, without limitation, attorneys fees and court costs.

17.10 GENERAL PROVISIONS. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim, a Party having an Exempt Claim may submit it to the procedures of this Article.

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EXECUTED by the Declarant to be effective as of August 20, 2008.

DECLARANT:

BAKER REALTY DEVELOPMENT CORP.,
a Texas corporation

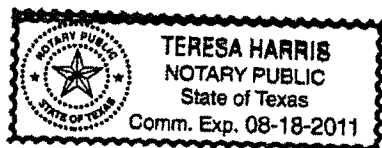
By: Margaret S. Hall
Margaret S. Hall, President

STATE OF TEXAS §
 §
COUNTY OF Smith §

BEFORE ME, the undersigned authority, a Notary Public, on this day personally appeared Margaret S. Hall, President of Baker Realty Development Corp., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 20 day of August, 2008.

[SEAL]



Teresa Harris
Notary Public in and for the State of Texas

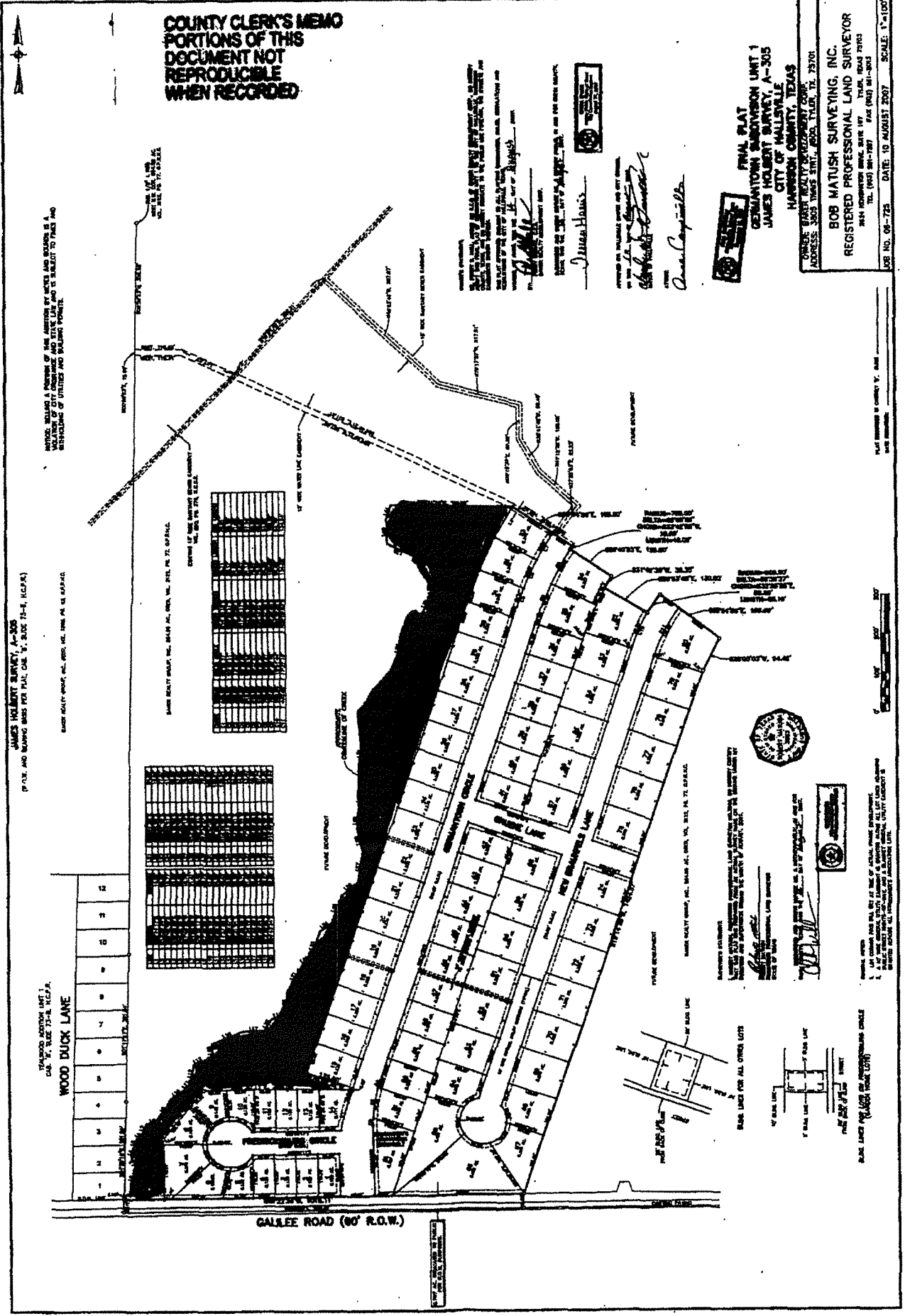
My Commission Expires: August 18, 2011

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

[See attached]

COUNTY CLERK'S MEMO
PORTIONS OF THIS
DOCUMENT NOT
REPRODUCIBLE
WHEN RECORDED



FINAL PLAT
OBSTRUCTION SURVEY UNIT 1
JAMES HOLEST SURVEY, A-305
CITY OF HALLSVILLE
HARRISON COUNTY, TEXAS

OWNER: BATH REALTY DEVELOPMENT CORP.
ADDRESS: 3008 THOMAS STREET, SUITE 100, THURSDAY, TEXAS 75701
BOB MATUSH SURVEYING, INC.
REGISTERED PROFESSIONAL LAND SURVEYOR
1941 KODAKSON DRIVE, SUITE 107, THURSDAY, TEXAS 75703
TEL: (409) 864-1987 FAX: (409) 864-1983
JOB NO. 08-725 DATE: 10 AUGUST 2007 SCALE: 1"=100'

NOTICE: BEARING A PORTION OF THE ADJACENT BY NOTES AND BEARING IS A
VOLUME OF CITY ORDINANCE AND STATE LAW AND IS SUBJECT TO PACE AND
REVISIONS OF UNITED STATES AND HARRISON COUNTY.

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EXHIBIT B

DECLARANT REPRESENTATIONS & RESERVATIONS

GERMANTOWN RANCH

B.1 DECLARANT'S REPRESENTATIONS. Declarant makes the following representations regarding certain characteristics of the Property.

B.1.1. Phasing. The Property is subject to expansion by phasing. During the Development Period, Declarant has the right but not the duty to annex additional property and to subject it to the Declaration and the jurisdiction of the Association by recording a declaration of annexation, executed by Declarant, in the real property records of Harrison County. The amendment of annexation must include a legal description of the additional real property or a reference to the preliminary plat (or final plat if available) by which additional land is made part of the Property.

B.1.2. New Construction. The Property is newly constructed. None of the improvements in the Property constitute conversion of existing buildings.

B.1.3. No Leasehold. No part of the Property is on leasehold land.

B.1.4. Representations of Size. The sizes or dimensions of living areas, Dwellings, and Lots shown on promotional materials used by Declarant during the marketing of the Property are approximated estimates based on pre-construction drawings of representational floor plans. Declarant does not warrant or represent that an Owner's Lot or Dwelling actually contains the sizes or dimensions shown on promotional materials.

B.2. DECLARANT CONTROL PERIOD. For the benefit and protection of Owners and Mortgagees, and for the purpose of ensuring a complete and orderly buildout and sellout of the Property, Declarant may retain control of the Association, subject to the following:

B.2.1. Duration. The duration of the Declarant Control Period will be from the date this Declaration is recorded for a maximum period not to exceed the earlier of:

B.2.1.1. Ten (10) years from date this Declaration is recorded.

B.2.1.2. Four (4) months after title to eighty-five percent (85%) of the Lots that may be created has been conveyed to Owners other than builders or persons who purchase Lots for the purpose of constructing Dwellings for resale to Owners.

B.2.1.3. When, in Declarant's sole opinion, the Association is viable, self-supporting, and operational.

B.2.2. Powers. During the Declarant Control Period, Declarant may, without approval of the Members, appoint, remove, and replace any Officer or Director of the Association, none of whom need be Members or Owners.

B.2.3. Transitional Meeting. Within sixty (60) days after the end of the Declarant Control Period, or sooner at the Declarant's option, Declarant will call a transitional meeting of the Members of the Association for the purpose of electing, by vote of the Owners and Directors to the Board.

B.2.4. No Advantage. Declarant may not use its control for an advantage over the Owners by way of retention of any residual rights or interests in the Association or through the creation of any contractual agreements which the Association may not terminate with cause with thirty (30) days' notice, or without cause with ninety (90) days' notice.

B.3. DECLARANT VOTES. During the Development Period, the vote appurtenant to each Lot owned by Declarant is weighted three (3) times that of the vote appurtenant to a Lot owned by another Owner. In other words, during the Development Period, Declarant may cast the equivalent of three (3) votes for each Lot owned by Declarant on any issue before the Association. On termination of the Development Period and thereafter, the vote appurtenant to Declarant's Lots is weighted uniformly with all other votes.

B.4. DEVELOPMENT PERIOD RIGHTS. Declarant reserves the following easements and rights, exercisable at Declarant's sole discretion, at any time during the Development Period:

B.4.1. The right to appoint and remove members of the ACC.

B.4.2. The right to amend this Declaration and the other Documents, without consent of other Owners or any Mortgagee, for the following limited purposes:

B.4.2.1. To add real property to the Property.

B.4.2.2. To create Lots and Common Areas within the Property.

B.4.2.3. To subdivide Lots or convert Lots into Common Areas.

B.4.2.4. To resolve conflicts, clarify ambiguities, and to correct inadvertent misstatements, errors, or omissions in the Documents.

B.4.2.5. To bring the Declaration into compliance with any change in local, state or federal laws and/or ordinances.

B.4.3. The right to erect, construct, and maintain on and in the Common Areas and Lots owned or leased by Declarant whatever Declarant determines to be necessary or advisable in connection with the construction, completion, management, maintenance, and marketing of the Property.

B.4.4. The right to install, maintain, replace, relocate, and remove signs, banners, flags, display lighting, and seasonal landscaping on the Property for purposes of promoting, identifying, and marketing the Property.

B.4.5. The right of ingress and egress in and through the Property to construct, maintain, manage, and market the Property, and to discharge Declarant's obligations under this Declaration.

B.4.6. The right of entry and access to all Lots to perform warranty-related work, if any, for the benefit of the Lot being entered, adjoining Lots, or Common Areas. Requests for entry must be made in advance for a time reasonably convenient for the Owner who may not unreasonably withhold consent.

B.4.7. The right to complete or make any improvements indicated on the Plat and/or as may be consistent with the terms of this Declaration.

B.4.8. The right to use Lots owned or leased by Declarant as models, storage areas, and offices for the marketing, management, maintenance, customer service, construction, and leasing of the Property.

B.4.9. The right to merge the Association with another residential property owners association.

B.4.10. The right to enter into agreements to allow other associations the right to share in the Common Areas of the Property; provided, however, such agreement shall provide for cost sharing between the Association and the other association on a proportionate basis.

B.4.11. The absolute right to exercise any of the foregoing rights without the prior approval of the ACC, the Board, or the Owners.

B.5 WORKING CAPITAL FUND. Declarant may establish a working capital fund for the Association by collecting contributions from purchasers when the sale of a Lot closes. Contributions to the fund are not advance payments of Regular Assessments and are not refundable. If Declarant establishes the fund, Declarant will transfer it to the Association by the end of the Declarant Control Period. Declarant may not use the fund to defray Declarant's expenses or construction costs, or to cover the Association's budget deficits during the Declarant Control Period.

B.6. GENERAL RESERVATION. Notwithstanding other provisions of the Documents to the contrary, nothing contained therein may be construed to, nor may any Mortgagee, other Owner, or the Association, prevent or interfere with the rights contained in this Exhibit B which Declarant hereby reserves exclusively unto itself, its agents, employees, and contractors.

B.7 EXPENSES OF DECLARANT. Expenses related to the completion and marketing of the Property will be paid by Declarant and are not common expenses of the Association.

B.8 OBLIGATION FOR ASSESSMENTS. Until the Association levies an assessment against the Lots, Declarant will pay all the expenses of the Property and the Association as they accrue. From the date of the initial assessment until the end of the Declarant Control Period, Declarant will, at Declarant's sole option, pay either (1) the rate of assessment for non-Declarant Owners on each Lot owned by Declarant, or (2) the operational expenses of the Association minus the operational expense portion of the Assessments paid by Owners other than Declarant.

B.9 CONTROL FOR ASSESSMENT INCREASES. Notwithstanding other provisions of the Documents to the contrary, during the Declarant Control Period, the right of Owners to veto any Regular Assessment increases or Special Assessments is not effective and such right may not be exercised.

SIGNED this 20th day of August, 2008.

BAKER REALTY DEVELOPMENT CORP.,
a Texas corporation

By: Margaret S. Hall
Margaret S. Hall, President

STATE OF TEXAS COUNTY OF HARRISON
I hereby certify that this instrument was
filed on the date and time stamped hereon by me
and was duly recorded in the volume and page
of the named records of:
Harrison County
as stamped hereon by me.
Oct 03, 2008
HONORABLE PATSY COX, COUNTY CLERK
Harrison County

SUBSTITUTE TRUSTEE'S DEED

THE STATE OF TEXAS

§

§ KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF HARRISON

§

WHEREAS, on or about June 16, 2009, Baker Realty Development Corp. n/k/a Baker Realty Development, L.L.C. and Baker Realty Group, Inc. n/k/a Baker Realty Group, L.L.C. made, executed and delivered to Alan Grantham, as Trustee, a Deed of Trust conveying to Alan Grantham, as Trustee, the real estate therein described to secure BancorpSouth Bank in the payment of the debt described therein, said Deed of Trust being recorded in the Official Public Records of Harrison County, Texas in Volume 4234, Page 75, et seq; and

WHEREAS, the Deed of Trust conveyed to Alan Grantham, in trust, the following described real property located in Harrison County, Texas, to-wit:

All that certain tract or parcel of land situated in the James Holbert Survey, Abstract 305, Harrison County, Texas, being out of and a part of that certain called 554.95 acre tract described in a Warranty Deed with Vendor's Lien from W.H. Tensundern to Baker Realty Group, Inc., dated June 10, 2005 and recorded in Volume 3122, Page 77 of the Official Public Records of Harrison County, Texas and being more properly described on the attached Exhibit "A", which Exhibit is incorporated herein by this reference for all purposes.

WHEREAS, default has occurred under the terms of the Note and the Deed of Trust and since said default, I, Clayton Ready, being the duly appointed Substitute Trustee, fully and in accordance with the terms of the Deed of Trust and at the request of the Trustee, on behalf of the Beneficiary, proceeded as Substitute Trustee to make sale of the property for the purposes of satisfying the obligations arising under the Note and Deed of Trust; and

WHEREAS, pursuant to said request and fully in accordance with the terms of the Deed of Trust, I proceeded to sell the property at public auction at the place designated by the Commissioners of said County, the designation having been recorded in the office of the County Clerk of Harrison County, which designation is adopted in this Substitute Trustee's Deed by reference, at the Harrison County Courthouse, Marshall, Texas, between the hours of 1:00 p.m. and 4:00 p.m. on Tuesday, the 3rd day of May, 2011, and after having given notice of the time, place and terms of such sale, as

prescribed by law and by the terms of the Deed of Trust, and after first posting or causing to be posted a written notice thereof for at least twenty-one (21) days preceding the day of the sale at the Courthouse door of Harrison County, Texas, and after first serving written notice, at least twenty-one (21) days preceding the day of the sale by certified mail to the debtor's most current address as shown by the holder's records, on each debtor obligated to honor the terms of the Note and the Deed of Trust and after first causing to be filed with the County Clerk a Notice of Sale at least twenty-one (21) days preceding the date of the sale in compliance with law; and

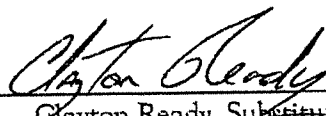
WHEREAS, at such sale the property was by me struck off to BancorpSouth Bank, whose address is P.O. Box 8109, Marshall, Texas 75671, at the hour of 1:20 p.m. for and in consideration of the sum of Two Million One Hundred Thousand and No/100 Dollars (\$2,100,000.00), it being the best and highest bidder therefor and said consideration being the best and highest bid therefor.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS THAT:

I, Clayton Ready, of Harrison County, Texas, Substitute Trustee as aforesaid, by virtue of the powers granted to me by the Deed of Trust in consideration for the foregoing premises and of the value expressed above and conveyed to me by BancorpSouth Bank, the receipt of which is hereby acknowledged, have granted, sold and conveyed and by these presents do grant, sell and convey the said real property unto BancorpSouth Bank.

TO HAVE AND TO HOLD the property, together with all and singular, the rights and appurtenances thereto in anywise belonging unto BancorpSouth Bank, and its successors and assigns forever and for and on behalf of the said Baker Realty Development Corp. n/k/a Baker Realty Development, L.L.C. and Baker Realty Group, Inc. n/k/a Baker Realty Group, L.L.C., its successors and assigns, I do hereby bind the said Baker Realty Development Corp. n/k/a Baker Realty Development, L.L.C. and Baker Realty Group, Inc. n/k/a Baker Realty Group, L.L.C., and its successors and assigns, to warrant and forever defend all and singular the property hereinbefore described, insofar as authorized by said Deed of Trust unto BancorpSouth Bank, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESSETH MY HAND this 3rd day of May, 2011.



Clayton Ready, Substitute Trustee

THE STATE OF TEXAS

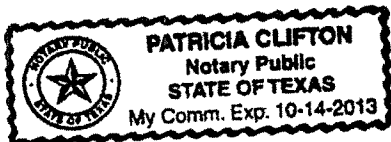
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COUNTY OF HARRISON

§

This instrument was acknowledged before me on the 3rd day of May, 2011, by Clayton
Ready.



Patricia Clifton
NOTARY PUBLIC State of Texas
My Commission Expires: 10-14-13
Patricia Clifton
Typed or Printed Name of Notary

THE STATE OF TEXAS

§

§

AFFIDAVIT

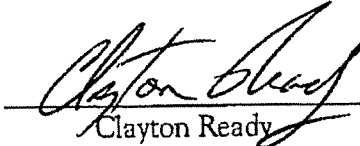
COUNTY OF HARRISON

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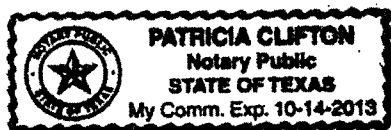
The undersigned, Clayton Ready, being first duly sworn, avers as follows:

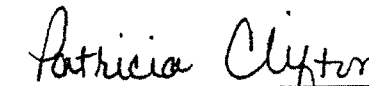
1. "My name is Clayton Ready. I am over the age of eighteen (18) years and am fully competent to make this affidavit.
2. I am fully aware of the facts and circumstances concerning the foreclosure of the Deed of Trust granted by Baker Realty Development Corp. n/k/a Baker Realty Development, L.L.C. and Baker Realty Group, Inc. n/k/a Baker Realty Group, L.L.C. to BancorpSouth Bank.
3. Notice of Sale was given at least twenty-one (21) days before the date of the sale to the Debtors, who, according to the records of the Holder of the debt, were obligated to pay the debt."

FURTHER, Affiant saith naught.


Clayton Ready

SWORN TO AND SUBSCRIBED before me on this 3rd day of May, 2011, to certify which witness my hand and official seal.




NOTARY PUBLIC State of Texas
My Commission Expires: 10-14-13
Patricia Clifton
Typed or Printed Name of Notary

THE STATE OF TEXAS

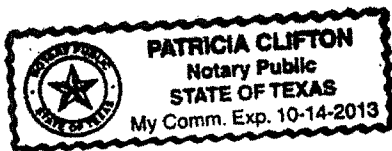
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§

COUNTY OF HARRISON

§

This instrument was acknowledged before me on the 3rd day of May, 2011, by Clayton
Ready.



Patricia Clifton
NOTARY PUBLIC State of Texas
My Commission Expires: 10-14-13
Patricia Clifton
Typed or Printed Name of Notary

THENCE North 05 deg. 31' 42" East, a distance of 41.45 feet to a corner;
THENCE North 43 deg. 38' 41" East, a distance of 22.66 feet to a corner;
THENCE North 64 deg. 03' 45" East, a distance of 35.86 feet to a corner;
THENCE North 11 deg. 18' 39" East, a distance of 36.77 feet to a corner;
THENCE North 76 deg. 50' 50" East, a distance of 63.21 feet to a corner;
THENCE North 57 deg. 22' 45" East, a distance of 34.33 feet to a corner;
THENCE South 82 deg. 07' 48" East, a distance of 31.20 feet to a corner;
THENCE North 42 deg. 25' 20" East, a distance of 38.50 feet to a corner;
THENCE North 73 deg. 38' 51" East, a distance of 42.38 feet to a corner;
THENCE North 12 deg. 04' 32" East, a distance of 19.25 feet to a corner;
THENCE North 22 deg. 43' 41" East, a distance of 23.50 feet to a corner;
THENCE North 29 deg. 03' 44" East, a distance of 102.07 feet to a corner;
THENCE North 60 deg. 58' 39" East, a distance of 18.02 feet to a corner;
THENCE North 25 deg. 58' 41" East, a distance of 29.79 feet to a corner;
THENCE North 16 deg. 56' 38" East, a distance of 48.00 feet to a corner;
THENCE North 53 deg. 10' 56" East, a distance of 41.05 feet to a corner;
THENCE North 24 deg. 02' 37" East, a distance of 32.94 feet to a corner;
THENCE North 13 deg. 37' 44" East, a distance of 37.15 feet to a corner;
THENCE North 51 deg. 22' 00" East, a distance of 57.66 feet to a corner;
THENCE North 09 deg. 58' 28" East, a distance of 78.66 feet to a corner;
THENCE North 12 deg. 20' 09" West, a distance of 63.25 feet to a corner;
THENCE North 02 deg. 26' 46" East, a distance of 35.67 feet to a corner;
THENCE North 17 deg. 29' 42" East, a distance of 75.50 feet to a corner;

U.S. DEPT. OF JUSTICE
RECORDS SECTION
RECEIVED
MAY 11 2011

Doc 7011770 Bk 4234 Pg 88

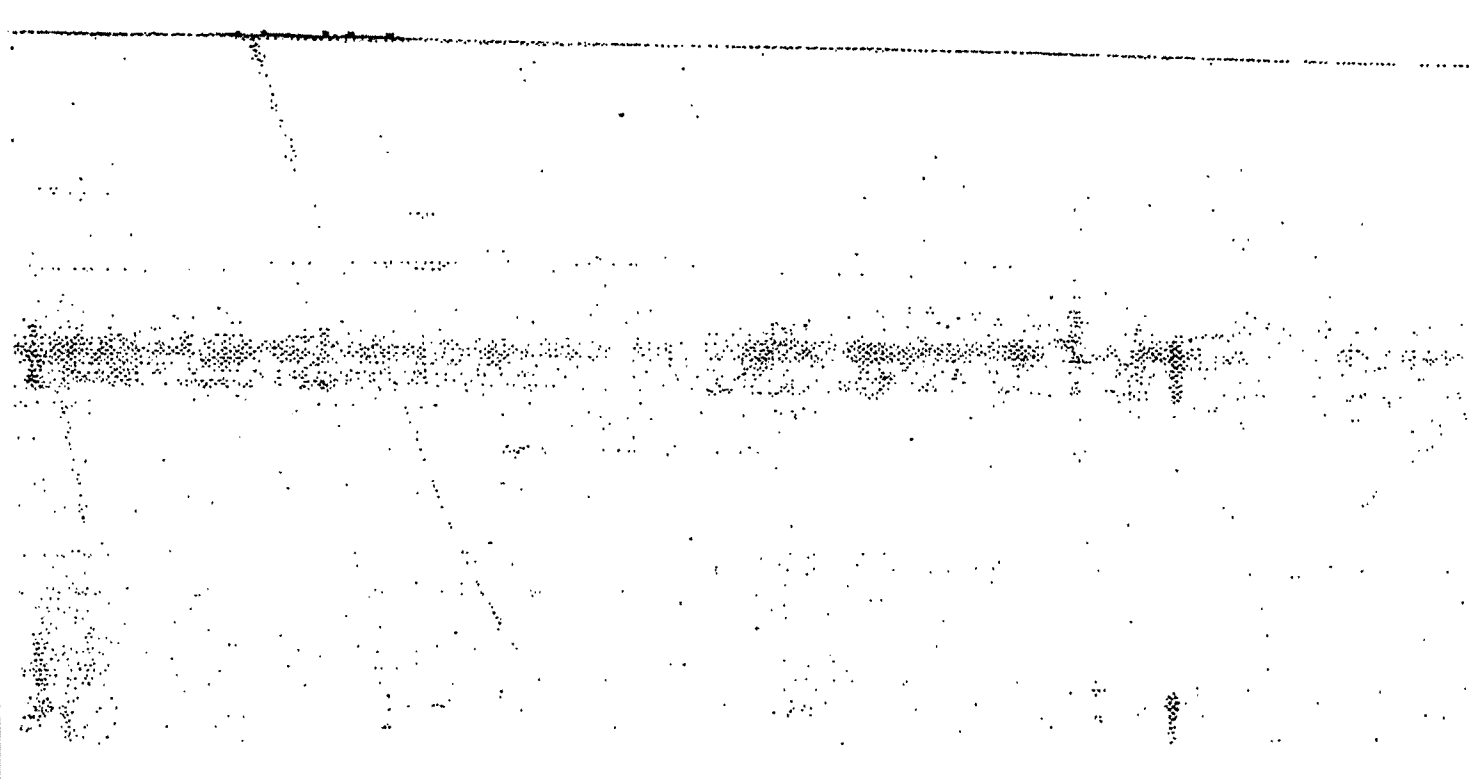
THENCE North 06 deg. 11' 19" West, a distance of 166.62 feet to a corner;
 THENCE North 38 deg. 02' 59" East, a distance of 150.97 feet to a corner;
 THENCE North 12 deg. 26' 56" East, a distance of 136.24 feet to a corner;
 THENCE North 64 deg. 29' 51" East, a distance of 44.29 feet to a corner;
 THENCE North 33 deg. 41' 37" East, a distance of 54.07 feet to a corner;
 THENCE North 03 deg. 51' 26" West, a distance of 44.66 feet to a corner;
 THENCE North 27 deg. 33' 44" West, a distance of 42.40 feet to a corner;
 THENCE North 48 deg. 12' 21" West, a distance of 40.63 feet to a corner;
 THENCE North 63 deg. 42' 40" West, a distance of 67.74 feet to a corner;
 THENCE North 02 deg. 22' 33" West, a distance of 61.84 feet to a corner;
 THENCE North 19 deg. 06' 11" East, a distance of 38.93 feet to the northwest corner of the described tract;
 THENCE South 88 deg. 54' 45" East, a distance of 315.22 feet to a corner;
 THENCE South 55 deg. 38' 40" East, a distance of 185.00 feet to a corner;
 THENCE South 33 deg. 58' 21" West, a distance of 10.09 feet to a corner;
 THENCE South 56 deg. 24' 38" East, a distance of 125.80 feet to a corner;
 THENCE South 31 deg. 58' 55" West, a distance of 35.35 feet to a corner;
 THENCE South 59 deg. 37' 33" East, a distance of 130.00 feet to a corner, same being in a curve to the right having a radius of 104.84 feet;
 THENCE with said curve to the right having a radius of 104.84 feet, a central angle of 30 deg. 58' 28" and a chord bearing and distance of North 33 deg. 42' 11" East 58.06 feet, an arc length of 56.68 feet to a corner and the end of said curve;
 THENCE South 52 deg. 58' 06" East, a distance of 190.00 feet to the northeast corner of the herein described tract, same being in curve to the left having a radius of 310.00 feet;
 THENCE with said curve to the left having a radius of 310.00 feet, a central angle of 17 deg. 31' 18" and a chord bearing and distance of South 28 deg. 16' 19" West 94.42 feet, an arc length of 94.79 feet to a corner and the end of said curve;

UNRECORDED DEED 4-1-11

Doc No Vol Pg
9011770 00 4234 87

THENCE South 19 deg. 30' 43" West, a distance of 1,423.82 feet to the southeast corner of the herein described tract, same being in the proposed north right-of-way line of Galilee Road;

THENCE South 89 deg. 36' 27" West with said proposed north right-of-way line of Galilee Road, a distance of 1,818.36 feet to the POINT OF BEGINNING and containing 31.708 acres of land, more or less.



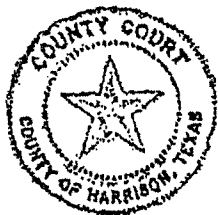
2011-000004995

DO NOT REMOVE THIS PAGE - IT IS A PART OF THIS INSTRUMENT

DEED

10 Pages

FILED AND RECORDED - OPR	CLERKS NOTES
On: <u>05/03/2011 01:29 PM</u>	
Document Number: <u>2011-000004995</u>	
Receipt No: <u>1105846</u>	
Amount: \$ <u>48.00</u>	
By: <u>Alicia Casteel</u> , Deputy	
Patsy Cox, County Clerk Harrison County, Texas	



STATE OF TEXAS
COUNTY OF HARRISON

I hereby certify that this instrument was filed on the date and time stamped hereon by me
and was duly recorded in the Official Public Records of Harrison County, Texas.

Patsy Cox, Harrison County Clerk

Record and Return To:



DEAN A SEARLE
ATTORNEY AT LAW
P. O. BOX 910
MARSHALL, TX 75671-0910

5311