

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
THE SHORES ON RICHLAND CHAMBERS LAKE

STATE OF TEXAS §
 §
COUNTY OF NAVARRO §

KNOW ALL MEN BY THESE PRESENTS:

This Declaration, made on the date hereinafter set forth by TEXAS LAND & LAKES, LTD., a Texas Limited Partnership by and through its general partner, TEXAS LAND & LAKES, INC., hereinafter referred to as "Developer" or "Declarant."

WITNESSETH:

WHEREAS, Developer is the owner of that certain tract of land known as THE SHORES ON RICHLAND CHAMBERS LAKE, a subdivision situated in Navarro County, Texas. The Property that is the subject of these covenants, conditions and restrictions shall be the development called THE SHORES ON RICHLAND CHAMBERS LAKE, including any and all phases, sections or Additional Property (as defined herein) that is attached hereto as Exhibit "A", which is incorporated herein by reference. Exhibit "A" may from time to time be supplemented and/or amended as additional phases or sections of THE SHORES ON RICHLAND CHAMBERS LAKE are added, developed and approved by Navarro County, Texas or other governmental agency with jurisdiction over the development.

WHEREAS, it is the desire of Developer and the Developer hereby places certain restrictions, easements, covenants, conditions, stipulations and reservations (herein sometimes referred to as the "Restrictions") upon and against THE SHORES ON RICHLAND CHAMBERS LAKE in order to establish a uniform plan for its development, improvement and sale, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of tracts in THE SHORES ON RICHLAND CHAMBERS LAKE.

WHEREAS, Developer hereby reserves and retains unto itself, the right, as it shall determine, in its sole and unfettered discretion, to (i) add to or delete areas from the Subdivision (defined in Paragraph 1.33 below); and (ii) hereafter place and impose such restrictions, easements, covenants, conditions, stipulations and reservations on any and all remaining unrestricted Tracts, Lots and/or Properties, or portions thereof, in the Subdivision, in order to establish any plan or common scheme chosen by Developer for the development, improvement and sale thereof.

NOW, THEREFORE, Developer hereby adopts, establishes and imposes upon THE SHORES ON RICHLAND CHAMBERS LAKE and declares the following reservations, easements, restrictions, covenants and conditions, applicable thereto, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of said property, which Restrictions shall run with said Tracts, Lots and/or property and title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof. Developer also declares that THE SHORES ON RICHLAND CHAMBERS LAKE shall be subject to the jurisdiction of the "Association" (as hereinafter defined in Paragraph 1.04 below).

Developer hereby declares that all of the property described in Exhibit "A" and any Additional Property subjected to this Declaration by Supplemental Declaration (as defined in Paragraph 1.02 below) shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants and conditions, which shall run with the title to the real property subjected to this Declaration. This Declaration shall be binding upon all parties having any right, title or interest in any portion of the Properties, their heirs, successors, successors-in-title and assigns, and shall inure to the benefit of each owner of any portion of the Properties.

Developer is the owner of the real property described in Exhibit "A", attached and incorporated by reference, or, if Developer is not the owner, such owner has consented to this Declaration. This Declaration imposes upon the Properties mutually

beneficial restrictions under a general plan of improvement for the benefit of the Owners of each portion of the Properties and establishes a flexible and reasonable procedure for the overall development, administration, maintenance and preservation of the Properties. In furtherance of such plan, this Declaration provides for the Property Owners Association ("P. O. A. of the Shores, Inc.") to own, operate and maintain Common Areas and to administer and enforce the provisions of this Declaration and the By-Laws.

SECTION I DEFINITIONS

- 1.01. "The Act" shall mean The Texas Residential Property Owners Protection Act, Title 11, Chapter 209 of the Texas Property Code, as such act may be amended.
- 1.02. "Additional Property" shall mean all of that certain real property which is more particularly described on Exhibit "B", attached and incorporated herein by this reference, and which real property is subject to annexation to the terms of this Declaration.
- 1.03. "Adjacent Properties" shall mean any residential, non-residential, or recreational areas, including, without limitation, single family residential developments, assisted living facilities, retail, office, commercial, or institutional areas and Private Amenities, which are located adjacent to, in the vicinity of, or within the Properties; which are owned and operated, in whole or in part, by Persons other than the Association; which are not subject to this Declaration; and which are neither Tracts nor Common Area as defined in this Declaration.
- 1.04. "Association" shall mean and refer to the property owners association for the Subdivision whose legal name is the "P. O. A. OF THE SHORES, INC.," its successors and assigns.
- 1.05. "THE SHORES ON RICHLAND CHAMBERS LAKE" or "THE SHORES" shall mean and refer to THE SHORES ON RICHLAND CHAMBERS LAKE and any phase or section of THE SHORES ON RICHLAND CHAMBERS LAKE, hereafter or heretofore made subject to the jurisdiction of the Association, which property shall be described on Exhibit "A" as supplemented and/or amended.
- 1.06. "Board of Directors" shall mean and refer to the Board of Directors of the Association.
- 1.07. "Boat Dock" shall mean and refer to a watercraft storage facility built on District lands and owned and operated by a particular Owner of a particular Tract of land located within THE SHORES ON RICHLAND CHAMBERS LAKE Subdivision.
- 1.08. "Boat Slips" shall mean and refer to a community watercraft storage facility built on District land which is used exclusively by Owners of Tract(s) in THE SHORES ON RICHLAND CHAMBERS LAKE Subdivision.
- 1.09. "Builders" shall mean and refer to persons or entities that purchase tracts and build speculative or custom homes thereon for third party purchasers.
- 1.10. "Common Area" shall mean all real property (including the improvements thereto) within the Subdivision owned by the Developer and/or the Association for the common use and enjoyment of the Owners.
- 1.11. "Contractor" shall mean and refer to the person or entity with which an Owner contracts to construct a residential dwelling on such Owner's Tract.
- 1.12. "Control Transfer Date" shall mean and refer to the date that Developer transfers control of the Association to the owners of THE SHORES ON RICHLAND CHAMBERS LAKE Subdivision and as further defined in paragraph 5.02.2.

- 1.13. "County Road" shall mean and refer to roads constructed to the specifications outlined by Navarro County within THE SHORES ON RICHLAND CHAMBERS LAKE Subdivision North of U.S. Hwy 287 which shall include Grandview Drive located south of U.S. Hwy 287, and which will be maintained by Navarro County, Texas once completed, approved and accepted into the roadway system of Navarro County, Texas.
- 1.14. "Developer" shall mean and refer to TEXAS LAND & LAKES, LTD. and its successors and assigns.
- 1.15. "District" shall mean and refer to TARRANT REGIONAL WATER DISTRICT (Lake Authority).
- 1.16. "Drill Site" shall mean and refer to a Tract of land designated by the Developer and/or its successors and assigns, and agreed upon by the mineral owners their lessees, contractors and assigns as a site for the future use of mineral development.
- 1.17. "Elevation 315" shall mean and refer to the conservation or spillway elevation of Richland Chambers Reservoir as well as the fee simple ownership line adjacent to Richland Chambers Reservoir.
- 1.18. "Elevation 318" shall mean and refer to the current 100 year flood level as defined by Federal Emergency Management Agency and as shown in the FIRM Rate Map and in the recorded Plats of the Subdivision for the Richland Chambers Reservoir. The 100-year Flood Plain is a designated Drainage Easement per these Restrictions.
- 1.19. "Elevation 320" shall mean and refer to the boundary of the flood/flowage easement purchased by Tarrant Regional Water District (Lake Authority) for the Richland Chambers Reservoir that encompasses the property between the conservation level of 315.00 and elevation 320.00. Any and all structures located below the Elevation 320" will be required to be in compliance with the rules, regulations and ordinances imposed by the Tarrant Regional Water District.
- 1.20. "Front Lot Line" or "Front Property Line" shall mean and refer to the property boundary line adjoining the street to which the front of the dwelling faces.
- 1.21. "Lake" or "Richland Chambers" shall mean and refer to the Richland Chambers Reservoir located in Navarro County, Texas and controlled and regulated by the Tarrant Regional Water District.
- 1.22. "Tract" or "Lot" shall mean and refer to any plot of land identified as a tract or home site on the recorded Plat of THE SHORES ON RICHLAND CHAMBERS LAKE which is recorded in the Map and Plat records of Navarro County, Texas. For purposes of this instrument, "Tract" shall not be deemed to include any portion of the "Common Areas" or "Unrestricted Reserves," or "Reserves" (defined herein as any Common Areas, Reserves and Unrestricted Reserves shown on the Plat) in THE SHORES ON RICHLAND CHAMBERS LAKE regardless of the use made of such area.
- 1.23. "Member" shall mean and refer to every person or entity who holds a membership in the Association.
- 1.24. "Ordinance" or the "Navarro County Lake Planning and Zoning Ordinance" shall mean the ordinance that governs the building activity in the Subdivision and approvals shall be governed by this ordinance.
- 1.25. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Tract which is a part of the Subdivision, including contract sellers (a seller under a Contract for Deed), but excluding those having such interest merely a security for the performance of an obligation.

1.26. "Private Amenities" shall mean and refer to Common Areas as designated on the Plat and certain real property and any improvements and facilities thereon located adjacent to, in the vicinity of, or within the Properties, designated by the Developer and which are owned and operated, in whole or in part, by the Association for recreational or other purpose. Private Amenities may be operated on a daily fee, use fee, public, or private basis or otherwise, and may include, any recreational amenities so located and all related and supporting facilities and improvements. Developer reserves the right to designate additional Private Amenities in its sole discretion.

1.27. "Private Road" or "Private Streets" shall mean and refer to roads or streets constructed to Navarro County, Texas specifications within THE SHORES ON RICHLAND CHAMBERS LAKE Subdivision South of U.S. Hwy 287 (with the exception of Grandview Drive located south of U.S. 287 which shall be a public County Road and not private) and which will be maintained by P. Q. A. OF THE SHORES, INC.

1.28. "Properties" shall mean and refer to any land previously not defined by these restrictions found within the Subdivision.

1.29. "Rear Lot Line" or "Rear Property Line" shall mean and refer to that Tract boundary line opposite the front property boundary line as delineated by the Plat.

1.30. "Retaining Wall" shall mean and refer to a wall built along the shoreline of the Richland Chambers Reservoir.

1.31. "Side Lot Line" or "Side Property Line" shall mean and refer to any Tract line that is not a front property line or a rear property line.

1.32. "Soffit" shall be defined as the underside of structural components, such as eaves and overhangs.

1.33. "Subdivision" shall mean all those properties or units forming a part of THE SHORES ON RICHLAND CHAMBERS LAKE and as described and shown on the attached Exhibit "A" as amended and supplemented.

1.34. "Tarrant Regional Water District" shall mean and refer to the lake authority which has jurisdiction over Richland Chambers Reservoir.

1.35. "Waterfront Tract" shall mean and refer to those particular Tracts in the Subdivision that are adjacent to the Richland Chambers Reservoir and that have frontage on the Richland Chambers Reservoir and the private lake.

SECTION II RESERVATIONS, EXCEPTIONS AND DEDICATIONS

2.01. Recorded Subdivision map of the Property. The plat ("Plat") of THE SHORES ON RICHLAND CHAMBERS LAKE, for all separate and distinct phases of the Subdivision dedicates for use as such, subject to the limitations as set forth therein, the roads (public or private as the case may be), streets and easements shown thereon. The Plat further establishes certain restrictions applicable to THE SHORES ON RICHLAND CHAMBERS LAKE. All dedications, restrictions, easements and reservations created herein or shown on the Plat, any subsequent Plats of additional Phases, which are governed by these Restrictions, replats or amendments of the Plats of THE SHORES ON RICHLAND CHAMBERS LAKE recorded or hereafter recorded shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Developer, whether specifically referred to therein or not.

2.02. Easements. Developer reserves for public use and for private utility use the utility easements shown on the recorded Plat or that have been or hereafter may be created by separate instrument recorded in the Official Public or Official Real Property Records of Navarro County, Texas, for the purpose of constructing, maintaining and

repairing a system or systems of electric lighting, electric power, water, telegraph and telephone line or lines, storm surface drainage, cable television, or any other utility the Developer sees fit to install in, across and/or under the Property. All utility easements in the subdivision may be used for the construction of drainage swales in order to provide for improved surface drainage of the Roads, Reserves, Common Area and/or Tracts. Should any utility company furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Developer, without the joinder of any other Owner, shall have the right to grant such easement on said Property without conflicting with the terms hereof. Any utility company serving the subdivision shall have the right to enter upon any utility easement for the purpose of installation, repair and maintenance of their respective facilities. Neither Developer nor any utility company, political subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property covered by said easements. Additionally, Developer reserves and hereby dedicates all areas located within the 100-year flood plain as depicted by the Federal Emergency Management Authority ("FEMA") as a Drainage Easement, and subject to the terms and status of a Drainage Easement. Developer reserves the right and ability to enter the Lot or Tract where a drainage easement is located or the 100-year flood plain is located to perform work as necessary within such drainage easements to insure proper drainage of the Subdivision and/or individual Tracts as designed. Any and all Access Easements found within the Subdivision are dedicated for use by the Developer and the Members of the Association for ingress and egress across such Tracts as may be burdened by such Access Easement, and may be used for ingress and egress by the Developer or such other individuals, persons or entities as may be provided for by the Developer through written consent or written license.

2.03. Title Subject to Easements. It is expressly agreed and understood that the title conveyed by developer to any of the Tracts by contract for deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, electric lighting, electric power, water, telegraph or telephone purposes, maintenance, utility, access and other easements hereafter granted affecting the Tracts. The Owners of the respective Tracts shall not be deemed to own pipes, wires, conduits or other service lines running through their Tracts which are utilized for or service other Tracts, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Tract. The Developer may convey title to said easements to the public, a public utility company, or the Association.

2.04. Utility Easements. There are hereby reserved to the Developer at all times prior to the Control Transfer Date, the Association, and the designees of each (which may include, without limitation, any governmental or quasi-governmental entity and any utility company) perpetual non-exclusive easements upon, across, over, and under all of the Tracts to the extent reasonably necessary for the purpose of installing, constructing, monitoring, replacing, repairing, maintaining, operating and removing cable television systems, master television antenna systems, and other devices for sending or receiving data and/or other electronic signals; security and similar systems; roads, walkways, pathways and trails; lakes, ponds, wetlands, irrigation, and drainage systems; street lights and signage; and all utilities, including but not limited to sewer, telephone, gas and electricity, and utility meters; and an easement for access of vehicular and pedestrian traffic over, across and through the Properties, as necessary, to exercise the easements described above.

Developer specifically grants to the local water supplier, electric company, telephone company, cable company, and natural gas supplier the easements set forth herein across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility lines, meters and boxes, as applicable.

2.04.1. Utility ground and aerial easements have been dedicated in accordance with the Plat and by separate recorded easement documents.

2.04.2. No building shall be located over, under, upon or across any portion of any utility easement or any other easement as shown in the Plat or otherwise by

recorded document. The Owner of each Tract shall have the right to construct, keep and maintain concrete drives, fences, and similar improvements across any utility easement, and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Tracts, provided, however, any concrete drive, fence or similar improvement placed upon such Utility Easement by the Owner shall be constructed, maintained and used at Owner's risk and, as such, the Owner of each Tract subject to said Utility Easements shall be responsible for (i) any and all repairs to the concrete drives, fences and similar improvements which cross or are located upon such Utility Easements and (ii) repairing any damage to said improvements caused by the Utility District or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the Utility Easements.

2.04.3. Except for the items that are the responsibility of the Owner stated in Paragraph 2.04.2. above, any damage to a Tract resulting from the exercise of the easements described in this Section shall promptly be repaired by, and at the expense of, the Person exercising the easement *i.e.* the entity which benefits from the easement (a public or private utility). The exercise of these easements shall not extend to permitting entry into the structures on any Tract, nor shall it unreasonably interfere with the use of any Tract, and except in an emergency, entry onto any Tract shall be made only after reasonable notice to the Owner or occupant.

2.05. Easement for Slope Control, Drainage and Waterway Maintenance. The Developer, for itself and the Association, and their respective representatives, successors and assigns, contractors and agents, hereby establishes and reserves a permanent and perpetual non-exclusive easement appurtenant over, across, under, through and upon each Lot for the purposes of:

2.05.1. controlling soil erosion, including grading and planting with vegetation any areas of any Tract which are or may be subject to soil erosion;

2.05.2. drainage of natural or man-made water flow and water areas from any portion of the Property or any amenity;

2.05.3. changing, modifying or altering the natural flow of water, water courses or waterways on or adjacent to any Tract or Common Area;

2.05.4. dredging, enlarging, reducing or maintaining any water areas or waterways within the Property other than those approved by the District and/or Navarro County; and

2.05.5. installing such pipes, lines, conduits or other equipment as may be necessary for slope control, drainage and waterway maintenance of any portion of the Property or any amenity.

2.06. Easements to Serve Additional Property. The Developer hereby reserves for itself and its duly authorized agents, representatives, and employees, successors, assigns, licensees, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the Additional Property, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads, for the posting of signs and for connecting and installing utilities serving the Additional Property. Developer agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of the Additional Property.

2.07. Easement for Entry. The Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Association to enter all portions of the Properties, including each Tract, for emergency, security, and safety reasons. Such right may be exercised by the authorized agents, employees and managers of the Association, any member of its Board or committees, and its officers, and by all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in emergencies, entry onto a Tract shall be only

during reasonable hours and after notice to and permission from the Owner. This easement includes the right to enter any Tract to cure any condition which may increase the possibility of fire, slope erosion, immediate risk of personal injury, or other hazard if an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but shall not authorize entry into any dwelling without permission of the Owner, except by emergency personnel acting in their official capacities. Any entry by the Association or its authorized agents, employees or managers of the Association, any member of its Board or committees, or its officers onto a Tract for the purposes specified herein shall not constitute a trespass.

2.08. Easements for Maintenance and Enforcement. Authorized agents of the Association shall have the right, and a perpetual easement is hereby granted to the Association, to enter all portions of the Properties, including each Tract to (a) perform its maintenance responsibilities, and (b) make inspections to ensure compliance with the Governing Documents. Except in emergencies, entry onto a Tract shall be only during reasonable hours. This easement shall be exercised with a minimum of interference to the quiet enjoyment to Owners' property, and any damage shall be repaired by the Association at its expense. Entry under this Section shall not constitute a trespass.

The Association also may enter a Lot to abate or remove, using such measures as may be reasonably necessary, any structure, thing or condition which violates the Governing Documents. All costs incurred, including reasonable attorneys' fees as allowed by the Act, may be assessed against the violator as a Specific Assessment.

2.09. Easements for Lake and Pond Maintenance and Flood Water. The Developer reserves for itself and its successors, assigns, and designees the nonexclusive right and easement, but not the obligation, to enter upon the lakes, ponds, streams, and wetlands located within Common Areas or Easements to (a) install, keep, maintain, and replace pumps and irrigation systems in order to provide water for the irrigation of any of the Common Areas or Reserves; (b) construct, maintain, and repair any Retaining Wall, bulkhead, wall, dam or other structure retaining water; and (c) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in this Declaration. Developer and its designees shall have an access-easement over and across any of the Properties abutting or containing any portion of any pond, stream or wetland to the extent reasonably necessary to exercise their rights under this Section.

Developer further reserves for itself and its successors, assigns and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Tracts (but not the dwellings thereon) adjacent to or within twenty feet (20') of ponds, streams and wetlands in order to (a) temporarily flood and back water upon and maintain water over such portions of the Properties; (b) fill, drain, dredge, deepen, clean, fertilize, dye, and generally maintain the ponds, streams, and wetlands within the Common Areas; (c) maintain and landscape the slopes and banks pertaining to such ponds, streams, and wetlands; and (d) enter upon and across such portions of the Properties for the purpose of exercising its rights under this Section. All persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Developer or any other Person liable for damage resulting from flooding due to heavy rainfall or other natural disasters.

Developer reserves unto itself the right, in the exercise of its sole discretion, upon the request of any Person holding, or intending to hold, an interest in the Properties, or at any other time, (i) to release all or any portion of the Properties from the burden, effect, and encumbrance of any of the easements granted or reserved under this Section, or (ii) to define the limits of any such easements.

2.10. Lateral Support. Every portion of the Common Area, every Lot, and any improvement which contributes to the lateral support of another portion of the Common Area or of another Tract shall be burdened with an easement for lateral support, and each shall also have the right to lateral support which shall be appurtenant to and pass with title to such property.

2.11. Easements for Private Amenities.

2.11.1. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from any activity relating to any Private Amenity, including, but not limited to, the exercise of the easements set forth in this Section: the Developer, or any successor Developer; the Association or its Members (in their capacity as such); or any officer or director, member, manager or partner of any of the foregoing.

2.11.2. There is hereby established for the benefit of the Private Amenities and their members (regardless of whether such members are Owners hereunder), guests, invitees, employees, agents, contractors and designees, a right and nonexclusive easement of access and use over all Private roadways located within the Properties reasonably necessary to travel between the entrance to the Properties and the Private Amenities and over those portions of the Properties (whether Common Area or otherwise) reasonably necessary to the operation, maintenance, repair and replacement of the Private Amenities. Without limiting the generality of the foregoing, members of the Private Amenities and guests and invitees of the Private Amenities shall have the right to park their vehicles on the roadways located within the Properties at reasonable times before, during, and after special events, tournaments and other similar functions held by or at the Private Amenities.

2.11.3. The Developer hereby reserves for itself, its successors and assigns, and may assign to the owner(s) of the Private Amenities, an easement and all rights to draw water from the lakes and ponds within or adjacent to the Properties for purposes of irrigation of the Private Amenities and for access to and the right to enter upon the lakes and ponds within or adjacent to the Properties, if any, for installation and maintenance of any irrigation systems.

2.12. Rights to Stormwater Runoff, Effluent and Water Reclamation. Developer hereby reserves for itself and its designees, including, but not limited to, the owner of any Amenity, all rights to ground water, surface water, storm water runoff, and effluent located or produced within the Properties, and each Owner agrees, by acceptance of a deed to a Tract, that Developer shall retain all such rights. Such right shall include an easement over the Properties for access, and for installation and maintenance of facilities and equipment to capture and transport such water, runoff and effluent.

2.13. Private Streets. Every Owner shall have a right and non-exclusive easement of use, access, and enjoyment in and to, over and across any Private Streets and roads which are to be located on the South side of U.S. 287 within the Subdivision ("Private Streets") (Grandview Drive is located on the south side of U.S. 287, and will become a County Road and shall not be a Private Road), for the purpose of ingress and egress to public rights-of-way and to Common Areas. The rights and nonexclusive easements granted herein are appurtenant to the title to each Tract, subject to:

2.13.1. The terms and limitations as set forth in this Declaration;

2.13.2. The right of the Developer, so long as the Developer owns the Private Streets, to adopt, amend and repeal rules regulating the use and enjoyment of the Private Streets, provided that the Developer shall not by the adoption of any rule or regulation bar access of the Owners across the Private Streets;

2.13.3. The right of the Developer to dedicate all or any part of Private Streets to the Association;

2.13.4. The right of the Developer to mortgage, pledge, or hypothecate any or all of the Private Streets as security for money borrowed or debts incurred, provided that the Developer shall not subject the Private Streets to any security instrument without obtaining the agreement of the lender to subordinate its interest in the Private Streets to the easements for the Owners contained in this Section; and

2.13.5. Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable.

2.14. Liability for Use of Easements. No Owner shall have a claim or cause of action against the Developer, its successors or assigns, including without limitation the owner(s) of any Common Areas or Amenities, arising out of the exercise or non-exercise of any easement reserved hereunder or shown on any subdivision plat for the Properties, except in cases of intentional, willful or wanton misconduct.

SECTION III USE RESTRICTIONS

3.01. Single Family Residential Construction. No building shall be erected, altered, placed or permitted to remain on any Tract other than dwellings to be used for residential purposes. All Tracts must comply with the rules, regulations and ordinances imposed by the District as well as the Ordinance imposed by Navarro County regarding construction. All single story dwellings on tracts must have at least One Thousand, Eight Hundred (1,800) square feet of living area, excluding porches, and have at least a two (2) car garage and no more than a five (5) car garage, which may be detached. One and one-half (1½) and two story dwellings must have a minimum of Two Thousand Two Hundred (2,200) square feet of living area, excluding porches, with at least One Thousand Two Hundred (1,200) square feet on the ground floor and must have at least a two (2) car garage and no more than a five (5) car garage, which may be detached. No carports shall be allowed. Garage door openings must face Side or Rear Lot Lines for all size dwellings. One secondary dwelling may be built on tracts, provided said secondary dwelling contains a minimum of Five Hundred (500) square feet and cannot exceed One Thousand, Two Hundred (1,200) square feet of living area size. Secondary dwellings must be built after or while the primary dwelling is being built and must be approved by the Architectural Control Committee. The maximum percentage of any area which may hereafter be covered by the main building and all accessory buildings and the maximum ratio of the floor area to the total area of the tract on which a building is located shall not exceed forty percent (40%) of the tract. Detached garages, workshops, and barns may be constructed on the property prior to the main dwelling being built. Barns shall not be allowed on Waterfront Tracts. Detached garages, workshops, and barns may not have interior plumbing prior to occupancy of the primary residence. No person shall live in the garage, barn or workshop. All dwellings, detached garages, work shops, barns and any other improvements must be approved in writing by the Architectural Control Committee prior to being erected, altered or placed on property. All dwellings must face the Front Lot Line or Front Property Line and the street. The term "dwelling" does not include mobile homes, single or doublewide manufactured homes or prefabricated (prefab) homes, and said mobile homes, manufactured homes and prefab homes are not permitted within the subdivision. All primary and secondary dwellings must be site constructed, built with new construction materials and use exterior materials that are approved by the Architectural Control Committee. Aluminum, asbestos, and/or plywood siding shall not be allowed. Vinyl siding will be allowed on the soffits only. All primary and secondary dwellings are required to have a concrete and rebar foundation, a pier foundation or a combination of a concrete slab and pier foundation that is engineered and sealed by a Professional Engineer ("P.E.") licensed in the State of Texas. Detached garages must be built out of similar material as the main dwelling. Other accessory buildings and barns must be built with new construction material and may be built with wood or metal siding. Detached garages, work shops, or barns may not be used as a temporary or permanent residence. All shingle roofs must have at least a 30-year life. Metal and tile roofs are permitted. Any building, structure or improvement commenced on any Tract shall be completed as to exterior finish and appearance within nine (9) months from the commencement date. While dwellings are being constructed, the Owner and/or Contractor must provide a trash dumpster and temporary restroom facilities on the Tract. All dwellings are subject to the rules, regulations and ordinances, as amended and modified from time to time of the Tarrant Regional Water District, and its assigns as well as the ordinances of Navarro County including but not limited to the Navarro County Lake Planning and Zoning Ordinance.

3.02. Composite Building Site. Any Owner of one or more adjoining Tracts (or portions thereof) may, with the prior written approval of the Architectural Control Committee, consolidate such Tracts or portions into one (1) building site, with the privilege of placing or constructing improvements on such resulting site, in which case the side set-back lines shall be measured from the resulting Side Property Lines rather than from the Tract lines as indicated on the Plat. It is the responsibility of the owner to obtain all needed easement releases from the appropriate agencies and all approvals from the appropriate County and/or City authorities.

3.03. Location of the Improvements upon the Tract. On Waterfront Tracts, no building of any kind shall be located on any Waterfront Tract nearer than thirty-five (35) feet from the Front Property Line and ten (10) feet from any Side Lot Line and fifteen (15) feet from any Rear Lot Line. On Tracts 4.99 acres or less in size, no building of any kind shall be located on any tract nearer than fifty (50) feet from the Front Property Line and twenty (20) feet from any Side or Rear Lot Line. Regardless of property line, no building shall be closer than fifty (50) feet from the property line adjoining any road except on Waterfront Tracts, which may place buildings thirty-five (35) feet from the property line adjoining any road. On Tracts five (5.00) acres or greater in size, no building of any kind shall be located on any Tract nearer than one hundred (100) feet from the Front Property Line and fifty (50) feet from any Side or Rear Lot Line. All dwellings must directly face the Front Property Line. On all Waterfront Tracts, the main building and all accessory buildings may not cover more than fifty percent (50%) of the area of the Tract lying behind a line that connects the midpoint of the Tract's side line to the midpoint of the Tract's other side line. Notwithstanding the foregoing, no Improvements may be constructed or built on or below the Elevation 320' without specific approval from the District but under no circumstance may a dwelling be constructed on or below the Elevation 320'.

Notwithstanding, the maximum height shall be two stories, but not to exceed thirty-five (35) feet per dwelling from the first floor elevation, which is measured from the highest point of the virgin soil. Height of any accessory building shall not exceed twenty-five (25) feet. Provided however, as to any Tract, the Architectural Control Committee may waive or alter any such setback line or height restriction, if the Committee, in its sole discretion determines that such waiver, or alteration is necessary to permit effective utilization of a Tract. Any such waiver or alteration must be in writing and recorded in the Deed of Records of Navarro County, Texas. All dwellings placed on Tracts within the Subdivision must be equipped with a septic system meeting all applicable laws, rules, standards and specifications of Navarro County and Tarrant Regional Water District (Lake Authority), and all such dwellings must be served with water and electricity. It shall be the Owner's responsibility to obtain the necessary permits and requirements from the proper governmental authority before construction of the sewage disposal system.

3.04. Use of Temporary Structures. Except as set forth below, no structure of a temporary character, whether basement, shack, garage, barn, recreational vehicle, camper, tent or other outbuilding shall be maintained or used on any Tract at any time as a residence, either temporarily or permanently. Notwithstanding, the Developer reserves the exclusive right to erect, place and maintain such facilities in or upon any portion of the subdivision as in its sole discretion may be necessary or convenient while selling Tracts. Occupied, self contained and non-self contained campers or recreational vehicles will be permitted on the property so long as such campers or recreational vehicles are on the property no longer than seven (7) consecutive day and no longer than fourteen (14) total days out of a thirty (30) day period. All non-self contained campers must have some type of chemical toilet.

3.05. Walls and Fences. Walls, fences and gates if any, must be approved prior to construction by the Architectural Control Committee. No fence shall be closer to the Front Property Line than the front line of the house on all Tracts less than two (2) acres in size. On all Tracts, except for Waterfront Tracts, regardless of size, the fences must be constructed of wood, metal pipe, masonry, masonry veneer, wrought iron, coated chain link, PVC and/or vinyl rail, or a combination thereof. On all Tracts, one hundred (100) feet of the side fencing, beginning where the side fencing joins the front fence, must be

constructed of the same material as the front fence. On all Tracts that are 2.00 acres or larger, side and rear fencing may be constructed using wire except for the first 100 feet of fencing where the side fencing joins the front fence, must still be constructed of the same material as the front fence. All wooden fences (except cedar and redwood) must be painted or stained in a color approved by the Architectural Control Committee. All walls and fences, if any, constructed on Waterfront Tracts must be constructed of masonry, wrought iron or wrought iron and masonry. All fencing on Waterfront Tracts shall be a minimum of four (4) feet in height and a maximum of six (6) feet in height. All other fencing shall be a minimum of four (4) feet in height and a maximum of ten (10) feet in height. All gates that front a road must be of a decorative nature and be constructed of steel. Standard aluminum ranch gates are not permitted. Privacy fencing may be allowed on non-perimeter fencing, around the house area, at the sole discretion of the Association. All fences must be maintained to the satisfaction of the Board of Directors of the Association. Fencing may be constructed in the easements surrounding the lake, however, the Association shall have the right to remove such fencing, at the owner's expense, if the Association requires or requests access across the easement. Additionally, the Association shall have no obligation to replace such fencing.

3.06. Mailboxes. All individual mailboxes must be of masonry construction.

3.07. Piers and Boat Houses. Owners of Waterfront Tracts adjacent to the Lake may erect piers into the Lake, with the approval of the Architectural Control Committee and Tarrant Regional Water District. All piers and boat houses are subject to the rules, regulations and ordinances, as amended and modified from time to time of the Tarrant Regional Water District, and its assigns as well as the ordinances of Navarro County including but not limited to the Navarro County Lake Planning and Zoning Ordinance. The maximum size allowed for any structure is determined as follows: Eight (8) square feet of structure is allowed per linear foot of shoreline owned up to 150 linear feet (1,200 square feet). An additional four (4) square feet of structure is allowed for each linear foot of shoreline owned from 151-250 linear feet (1,204 - 1,600 square feet). An additional two (2) square feet of structure is allowed for each linear foot of shoreline owned from 251-450 linear feet (1,602 - 2,000 square feet). An additional one (1) square foot of structure is allowed for each linear foot of shoreline owned over 450 linear feet. The area measurement shall exclude one walkway not to exceed eight (8) feet wide to the structure. The distance the structure extends into the reservoir shall be kept as short a distance as is practical so as not to impair navigation and to maintain continuity with the shoreline. The maximum square footage may not be allowed in all cases. No part of an improvement can be closer than five (5) feet to the property line, excluding fences, sidewalks, and retaining walls. Structures over 1,200 square feet must be twenty feet from the property lines. No structure may occupy more than one third (1/3) of any channel width and in no case shall any part of the structure come within ten feet of the centerline of the channel. Exceptions may be granted for structures located at the end of the channel. There will be no living quarters built over any area below the spillway elevation of the reservoir whether it be spanned, cantilevered or by other means. Enclosed structures are not allowed by the District on Richland Chambers. In order to protect a raised boat within a dock from the elements, solid sides on the dock will only be permitted for a maximum of two (2) feet downward from the roofline. No additional materials (i.e. lattice, fencing, bars, screen fabric, doors, glass, etc.) may be installed below the two (2) foot sidewall. A small storage area is allowed on the structure for tackle, life jackets, etc. A twenty (20) square foot enclosure shall be considered maximum for any such storage area. No toilet facilities of any type will be allowed on structures. Any structure that extends more than fifty (50) feet from the shoreline shall be equipped with a light from dusk to dawn. At the discretions of the District, additional lighting may be required on docks exceeding fifty (50) feet. Circumstances may require that lighting be on docks, which are less than 50 feet in length. The light must be capable of sufficiently illuminating the structure and shall be white in color. The homeowner or contractor may also be required to provide temporary safety lighting during the construction of any improvement extending into the reservoir. If required, lighting must be located on the end of the structure during construction and remain until permanent lighting is installed. The deck of a structure shall be no less than 18 inches above Elevation 315.00 feet msl. The electrical services shall be installed in accordance with the National Electric Code as amended and revised. A complete electrical plan must be

provided with the application. The District performs cursory electrical inspections for general compliance only. The homeowner is required to have a licensed electrician, electrical inspector, or other professional with expertise in electrical installations to inspect all electrical components to ensure that the installation meets all requirements specified in the National Electric Code. All materials exposed to the elements shall be cedar, redwood, treated wood, concrete, or steel materials. Other materials with long life expectancy will be considered. No metal barrels may be used for flotation. Only extruded (closed cell) polystyrene or foam bead expanded polystyrene that is encased in a high quality protective cover and that has been approved by the District may be used for flotation. Creosote treated materials will not be permitted below conservation level. All connections below the walkway shall be bolted with galvanized, zinc plated, cadmium plated, or stainless steel bolts. Steel materials may be welded. Other connections may be nailed or attached by screws. All construction activities disturbing the soil at or below the flood flowage boundary of the reservoir must employ erosion control practices to minimize the amount of sediment entering the reservoir. Steel pilings shall be a minimum of two and seven eights inches (2 7/8) in diameter. Wood pilings must be pressure treated and at least six inches in diameter. Creosote pilings will not be allowed. The roof of the structure shall have a maximum of 4 in 12 pitch. A permit issued by the District in no way releases the improvement owner from the responsibility of meeting the requirements of Federal, State, County, or City regulations or any Development Deed Restrictions that may apply. Improvements are placed on the District property at the District's sole discretion. No pier shall be more than one story and all piers must be maintained to the satisfaction of the Association. All piers and boathouses must be approved by the Tarrant Regional Water District (Lake Authority) prior to requesting approval from the Architectural Control Committee.

3.08. Retaining Walls and Dredging. Owners of Tracts adjacent to the Lake may build a retaining wall along any body of water with the approval of the Architectural Control Committee. Retaining walls shall be constructed in a manner that improves the shoreline alignment. If an eroded area along the shoreline is approved by the District to be reclaimed then the backfill material must also be reclaimed from the reservoir. Approved materials for retaining walls or bulkheads or seawalls include concrete, soil cement, minimum 8 gauge steel sheet piling, PVC sheet piling, pressure treated lumber, and rip rap. Other materials with a long life expectancy will be considered. Creosote materials will not be approved. All dredging activity must be performed in such a manner that will maintain a gently sloping lake bottom and prevent the formation of holes or sudden drop-offs. All construction activities disturbing the soil at or below the flood flowage boundary of the reservoir must employ erosion control practices to minimize the amount of sediment entering the reservoir. All dredging materials shall be placed in such a manner as to prevent any sediment runoff back into the reservoir. Containment and/or silt screens may be required. Any building of retaining walls or dredging must be approved by the Tarrant Regional Water District (Lake Authority) prior to requesting approval from the Architectural Control Committee.

3.09. Prohibition of Offensive Activities. No Activity, whether for profit or not, shall be conducted on any Tract which is not related to single family residential purposes, unless said activity meets the following criteria: (a) no additional exterior sign of activity is present, (b) no additional traffic, that would not be there normally, is created, (c) nothing dangerous is present and (d) the activity does not constitute a nuisance or annoyance. Nothing herein shall prevent a home office so long as the requirements of (a), (b), (c) and (d) above are met. Further, this restriction is waived in regard to the customary sales activities required to sell homes in the Subdivision. The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance.

3.10. Garbage and Propane Storage. Garbage and trash or other refuse accumulated in this subdivision shall not be permitted to be dumped at any place upon adjoining land where a nuisance to any residence of this subdivision is or may be created. No Tract shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be allowed to accumulate, shall be kept in sanitary containers and shall be disposed of regularly. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition and out of sight from public roadways,

except on pickup days. Propane tanks must not be visible from the road, and screened with vegetation and/or privacy fencing as approved by the Architectural Control Committee.

3.11. Unsightly Articles. Junked Motor Vehicles Prohibited. Except as set forth in Paragraph 3.04, no campers, recreational vehicles, boats, trailers, graders, trucks other than pickups, tractors, wagons, busses, motorcycles, motor scooters or garden maintenance equipment may be kept on property unless such items are placed in an approved enclosed structure and kept in a clean and tidy manner. No maintenance work shall be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures. No vehicle may be parked in excess of seventy-two (72) hours on any roadway within the Property.

No article deemed to be unsightly by the Architectural Control Committee shall be permitted to remain on any Tract. Service area, storage area, loading area, compost piles and facilities for hanging, drying or rinsing clothing or household fabrics shall be appropriately screened from view from public or private thoroughfares, the lake and adjacent properties and no lumber, grass, plant, waste, shrub or tree clippings, metals, bulk materials, scrap or refuse shall be kept, stored or allowed to accumulate on any portion of the Owner(s) Tract. No junk, abandoned or unregistered vehicles and no vehicles without current inspections shall be allowed on any Tract. Tractor trailer rigs and/or trailers and trucks with more than ten (10) wheels may not be parked or kept on the property or in the subdivision.

3.12. Signs. No signs, advertisements, billboards or advertising structures of any kind may be erected or maintained on any Tract without the consent in writing of the Architectural Control Committee. The Architectural Control Committee shall allow one (1) professionally made sign not more than twenty-four inches (24") by thirty-six inches (36") advertising the Owner's Tract for sale or rent after such home has been built, and one (1) professionally made sign, not more than twelve inches (12") by twenty-four inches (24") identifying the Tract owner's name or names. The term "professionally made sign" does not include store bought pre-made "for sale" or "for rent" signs. Notwithstanding, builders may place a pre-approved sign that does not exceed four (4) feet by eight (8) feet advertising a model home on the tract. Except as it applies to Developer, no sign shall be nailed to a tree or placed within twenty-five (25) feet from any Lot line and all signs must be properly maintained. Developer or any member of the Association or Architectural Control Committee shall have the right to remove such sign, advertisement, billboard or structure which is placed on any Tract in violation of these restrictions, and in doing so, shall not be liable, and are hereby expressly relieved from any liability for trespass or other tort in connection therewith, or arising from such removal.

3.13. Animal Husbandry. No livestock, poultry or large animal of any kind may be kept on any Tract, except that on Tracts on the North side of US 287 and Spur 294 that are two (2) acres or larger, animals being raised for 4-H or FFA school sponsored programs, excluding poultry, pigs or hogs, may be raised, bred or kept. Additionally, on Tracts on the North side of US 287 and Spur 294 that are two (2) acres or larger, one (1) horse, cow or other large animal (excluding pigs and hogs) for every one (1) acre may be kept, as long as such animal(s) does not become a nuisance or threat to other owners. No livestock, poultry or large animal of any kind may be kept on Tracts on the south side of US 287. All animals being raised by individual tract owners must be kept in a fenced area on the Owner's Tract. Dogs must be kept in a kennel, dog run, or fenced in area that confines said dog(s) to that area, however, no breeding or other for-profit dog operation shall be allowed. Dogs will not be permitted to run loose and must be vaccinated for rabies according to State Law once a year and registered with Navarro County once a year.

3.14. Mineral Development. No commercial oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Tract and no derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained or permitted upon any Tract.

3.15. Drainage. Natural or man-made established drainage patterns of streets, tracts or roadway ditches will not be impaired by any person or persons. No creeks, man-made or natural drainage areas may be filled, impacted, dammed, or water, therefore improved, diverted or used for any purpose without the prior written consent of the Architectural Control Committee. Driveway culverts must be installed and must be approved by Navarro County of sufficient size to afford proper drainage of ditches without backing water up into ditch or diverting flow. Drainage culvert installation must meet County and/or, when necessary, the Association requirements. All areas designated as 100-year flood plain on the Plat are hereby dedicated as Drainage Easements.

3.16. Antennas/Solar Panels. Antennas of any kind shall not exceed ten (10) feet above the roof of the dwelling or accessory building. No solar panels, satellite dishes or similar apparatus shall be placed on any dwelling in such a way that panel/apparatus is visible from the street. Ground satellite dishes shall not be erected, installed or placed on property without the prior written approval of the Architectural Control Committee and such dishes shall be screened from the view of the road.

Nothing herein shall be constructed to conflict with the latest rules and regulations set forth by the Federal Communications Commission.

3.17. Resubdivision. Except as it applies to the Developer or the Veterans Land Board, no tract shall be resubdivided or split unless otherwise permitted in the restrictions. These restrictions, however, specifically allow the Declarant/Developer to divide, subdivide, realign and re-subdivide any unsold and platted tract in the Development as it deems necessary in its sole discretion for the continued development of the Subdivision until the Control Transfer Date. A lot or Tract may be combined into one or more composite Tract if that Tract will be combined with two or more adjoining lots or tracts to form larger resulting Tracts.

3.18. Driveways. The first One Hundred (100) feet of all driveways up to the garage must be surfaced with concrete, concrete pavers, asphalt, two (2) course chip and seal, or a combination thereof. Driveways must be surfaced within nine (9) months of installation or when the main dwelling is complete, which ever is earliest.

3.19. Timber, Landscaping, and Mowing. Four times each year, on dates determined by the Association, the Association shall schedule days on which the Tract owner shall have mowed his Tract. If a Tract is not mowed within two weeks after that day, the Association may, at the Tract Owner's expense have the grass, weeds and cover on the Tract mowed or the Tract otherwise cleaned as often as in their sole discretion is deemed necessary. After construction has begun (reasonable construction and landscaping difficulties permitted and accepted during construction period), as well as after completion of Improvements, each Owner shall keep all shrubs, trees, grass and planting of every kind on such Owner's Tract cultivated, pruned, mowed and free of trash and other unsightly materials. Front, side and rear yards shall be planted, landscaped and maintained in such a manner as is deemed acceptable by the Developer, or the Association. If, in the opinion of the Developer or the Association, an Owner shall, at any time, fail to maintain his yard in a safe, clean and attractive condition, the Association shall give the Owner ten (10) days written notice thereof. In the event the Owner shall fail to remedy the objectionable matter, the Owner agrees, by virtue of having accepted these Restrictions upon the purchase of the Tract, hereby waiving any claim for damages, that Developer or Association may, without being deemed to have trespassed upon the Tract, enter upon such Tract and perform such maintenance. Thereafter, the Owner shall be liable for the cost of such work, which shall promptly be reimbursed to the Developer or the Association. All landscaping as approved in the plans and specifications shall be completed within twelve (12) months following the completion of the Residence.

No Tract owner shall cut or clear any trees which are ten (10) inches in diameter measured at four (4) feet from the ground without the written approval of the Architectural Control Committee. The Architectural Control Committee shall allow any

Tract owner to clear the trees located on the area where the house and other improvements will be placed.

3.20. Hunting. No hunting is allowed in the subdivision; no discharge of handguns, rifles, shotguns or other firearms, pellet or air guns, bows or cross bows, or other weapons are allowed.

3.21. Existing Buildings. All improvements existing on the property on the date of the recording of these Restrictions shall be considered in compliance with these restrictions. However, all future building, demolition and all exterior alterations and additions must be approved by the Architectural Control Committee and must comply in all respects with all sections of these Restrictions, as written.

3.22. Septic Systems. All sanitary plumbing must comply to the requirements of the Health Department of Navarro County and the State of Texas, the Texas Water Quality Board, and the Tarrant Regional Water District (Lake Authority).

3.23. Burning. No open fires shall be allowed in the subdivision unless such fires comply with all County and/or City rules and regulation.

3.24. Water Wells. Private water wells may be drilled on Tracts two (2) acres or larger. No private water wells shall be drilled on any Tract unless such wells are for agricultural or livestock use only and have been approved prior to being drilled by M. E. N. Water Supply Corporation and/or its assigns.

3.25. Lake Rules and Regulations. The Tract owner shall comply with all Rules and Regulations adopted by the Tarrant Regional Water District (Lake Authority). A copy of the complete rules, regulations and ordinances is available from the District and each Owner should obtain its own separate copy.

3.26. Irrigation. Those Tract adjacent to the Lake shall be allowed to use the water from the lake for irrigation purposes with the approval by the Tarrant Regional Water District (Lake Authority). The use of raw water from Richland Chambers for irrigation purposes shall be limited to irrigation of residential shoreline property (i.e. Waterfront Tracts) that is contiguous to the reservoir. Water transmission lines will not be allowed to cross any public or private thoroughfare. The electrical services shall be installed in accordance with the National Electric Code as amended and revised. The District performs cursory electrical inspections for general compliance only. The homeowner is required to have a licensed electrician, electrical inspector, or other professional with expertise in electrical installations to inspect all electrical components to ensure that the installation meets all requirements specified in the National Electric Code. Submersible pumps shall not be placed in District Reservoirs (Richland Chambers). The intake for above ground pumps will be located and anchored in a manner so as not to be a hazard or recreation. Pumps must be screened or enclosed at all times.

3.27. Vehicle Traffic. For the safety of all property owners, their families, guests, or other visitors, no one shall operate recklessly or exceed a speed limit of twenty-five (25) miles per hour while operating any motor vehicle within the Subdivision. All state and local laws regarding motor vehicle traffic will be enforced.

Additionally, no ATV of any type may be operated within the Subdivision.

3.28. Notice. In the event of the failure of Owner to comply with the above requirements after ten (10) days written notice thereof, the Association or their designated agents may, without liability to the Owner, Contractor or any occupants of the Tract in trespass or otherwise, enter upon (and/or authorize one or more others to enter upon) said Tract, and do any other thing necessary to secure compliance with this Declaration. Payment for the charges shall be payable on the first day of the next calendar month.

**SECTION IV
COMMON AREAS**

4.01. Easement. Developer reserves a Maintenance/Utility Easement, ten (10) feet in width along the Property Line of the Subdivision, along with an Access Easement across any and all Tracts for ingress and egress to such Maintenance Easement. Developer reserves a 50-foot Maintenance Easement for the purpose of Landscape Maintenance along and adjacent to Spur 294 and U.S. Highway 287. This Maintenance Easement shall be used by Developer and/or its assigns as needed.

4.02. Equestrian Easement. Developer reserves, as set forth on the Plat, easements for equestrian use North of U.S. Highway 287. Such easements shall be maintained by and at the expense of the Association. No building, fence or other improvement shall be located over, under, upon or across any portion of any Equestrian Easement.

4.03. All other Common Area and easement regulation and restrictions contained herein are hereby incorporated herein by reference.

**SECTION V
ARCHITECTURAL CONTROL COMMITTEE****5.01. Basic Control**

5.01.1. No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced or changes made in the design or exterior appearance thereof, or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original constructed, on any Tract in the subdivision until the obtaining of the necessary approval (as hereinafter provided) from the Committee of the construction plans and specification for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument and other rules and regulations instituted by the Architectural Control Committee.

5.01.2. Each application made to the Committee, or to the Developer, shall be accompanied by two sets of plans and specifications, one set of which shall be retained by the Committee, for all proposed construction (initial or alteration) to be done on such Tract, including plot plans showing location on the tract.

5.02. Architectural Control Committee

5.02.1. The authority to grant or withhold architectural control approval as referred to above is initially vested in the Developer; provided, however, the authority of the Developer shall cease and terminate upon the appointment of the Architectural Control Committee of the Association (sometimes herein referred to as the "Committee"), in which event such authority shall be vested in and exercised by the Committee, hereinafter referred to, except as to plans and specifications and plot plans theretofore submitted to the Developer which shall continue to exercise such authority over all such plans, specifications and plot plans. The term "Committee," as used in this Declaration, shall mean or refer to the Developer or to THE SHORES ARCHITECTURAL CONTROL COMMITTEE composed of members of the Association, as applicable.

5.02.2. On or after such time as ninety five-percent (95%) of all of the Tracts in all phases of the Subdivision, including those Tracts to be platted in all unplatted (whether annexed or declared to be annexed), as well as areas owned by Developer, are conveyed by Developer to third parties or within six (6) months after 95% of the Tracts within the Subdivision have been transferred to third parties in the complete unfettered discretion of the Developer (from time to time hereafter referred to as the "Control Transfer Date"), the Developer shall cause an

instrument transferring control to the Association to be placed of record in the Official Public Records of Navarro County, Texas (the effective Control Transfer Date shall be the date of its recording). The first Board of Directors of the P. O. A. OF THE SHORES, which Board shall be appointed by developer, shall be the Architectural Control Committee who shall serve staggered terms of one (1), two (2), and three (3) year terms following the Control Transfer Date. From and after the Control Transfer Date, each member of the Committee must be an Owner of Property in some phase of THE SHORES ON RICHLAND CHAMBERS LAKE subdivision. Additionally, the Developer shall have the right to discontinue the exercise of Architectural Control privileges and arrange for the transfer to the Association at any time prior to the Control Transfer Date by filing a statement and instrument to that effect in the Official Public Records of Navarro County, Texas.

5.03. Effect of Inaction. Approval or disapproval as to architectural control matters, as set forth in the preceding provisions of this Declaration shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval (whether the Developer or the Committee) fails to approve or disapprove in writing any plans and specifications and plot plans received by it in compliance with the preceding provisions within thirty (30) days following such submissions, such plans and specifications and plot plan shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof.

5.04. Effect of Approval. The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the Committee that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specifications and plot plan; and such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plot plan, but, nevertheless, fail to comply with the provisions hereof. Further, no person exercising any prerogative of approval of disapproval shall incur any liability by reasons of the good faith exercise thereof.

5.04.1. The approval of house plans by the Architectural Control Committee means that the plans are in compliance with the applicable Sections found in these Declaration of Covenants, Conditions and Restrictions of the Subdivision, and any supplements or amendments to the Declaration of Covenants, Conditions and Restrictions and that such plans are in compliance with the Architectural Guidelines as set forth in the of Covenants, Conditions and Restrictions *i.e.* the location of the house is within the prescribed setbacks, square footage requirements, etc.

5.04.2. The Architectural Control Committee assumes no responsibility for the construction, the design or the structural integrity of the home to be constructed or for the type of residence constructed. The Architectural Control Committee does not review the building plans to determine anything other than the guidelines as set forth in the Covenants, Conditions and Restrictions.

5.04.3. It is the complete responsibility of the Tract Owner and/or the Home Builder to ensure structural reliability of the home, proper construction and proper design. It is highly recommended that the Owner determine the type of soil present on the Tract by conducting a Geotechnical Study (Soil Test) on the Tract prior to construction by a Professional Engineer. It is required that a licensed structural Professional Engineer licensed in the State of Texas design and seal the slab or foundation prior to construction. A licensed architect is recommended for the proper design and construction of a home. The approval supplied by the Architectural Control Committee is not a substitute for the use of qualified professionals to assist the Owner in the construction of a home.

5.05. Variance. The Developer or, if applicable, the Committee, may, on a case by case basis, authorize variances from compliance with any of the provisions of either (i) this Declaration, or (ii) the minimum acceptable construction standards or regulations and requirements as promulgated from time to time by the Developer or the Committee. Notwithstanding, after the Control Transfer Date, both the Developer and the Architectural Control Committee shall have the right to grant a variance from the Building setback line restrictions. Either party may grant this variance, as it determines in its sole discretion is needed, without the consent of the other. Such variances must be evidenced in writing and shall become effective when signed by the Developer or by at least a majority of the members of the Committee. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance is granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall the granting of any variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned and the Plat.

5.06. The Association shall indemnify every officer, director and Committee member against all damages, liability, and expenses, including attorneys' fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, Committee member or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Section, the Articles of Incorporation and Texas law.

The officers, directors, and Committee and other committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers, directors and Committee and other committee members shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers, directors or Committee or other committee members may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director and Committee and other committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or Committee or other committee member may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

SECTION VI
P. O. A. OF THE SHORES, INC.

6.01. Membership. Every person or entity who is a record owner of any Tract, which is subject to the Maintenance Charge (or could be following the withdrawal of an exemption therefrom) and other assessments provided herein, shall be a "Member" of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. No Owner shall have more than one (1) membership for each Tract owned by such Member. Membership shall be appurtenant to and may not be separated from the ownership of the Tracts. Regardless of the number of persons who may own a Tract (such as husband and wife, or joint tenants, etc.) there shall be but one (1) membership for each Tract. Additionally, the Directors of the Association must be Members of the Association (as more particularly described in the By-laws). Ownership of the Tracts shall be the sole qualification for membership. These restrictive covenants will not be construed as to assess the Veterans Land Board or the State of Texas. Any assessments are the personal obligation of the Veteran Land Board Purchaser, his successors, heirs and assigns. Any lien imposed by the restrictive covenants does not affect the Veterans Land Board's interest in the Tract or Lot.

6.02. Voting Rights. Notwithstanding anything herein to the contrary, Developer shall have and exercise sole control over the Association until such time as Developer shall have transferred control to the Association in accordance with Paragraph 5.02.2. Thereafter, each member shall be entitled to one vote for each Tract owned. When more than one (1) person holds an interest in any Tract, all such persons shall be members of the Association but the vote for such Tract shall be exercised as they among themselves determine. In no event shall more than one (1) vote be cast with respect to any Tract.

6.03. Non-Profit Corporation. The P. O. A. OF THE SHORES, INC. a non-profit corporation, has been organized and it shall be governed by the Articles of Incorporation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

6.04. Bylaws. The Association has adopted or may adopt whatever Bylaws it may choose to govern the organization or operation of the subdivision and the use and enjoyment of the Tracts and Common Areas, provided that the same are not in conflict with the terms and provisions hereof.

6.05. Owner's Right of Enjoyment. Every Owner shall have a beneficial interest of use and enjoyment in and to the Common Areas and such right shall be appurtenant to and shall pass with the title to every assessed Tract, subject to the following provisions:

6.05.1. The right of the Association, with respect to the Common Areas, to limit the number of guests of Owners.

6.05.2. The right of the Association, in accordance with its Articles and Bylaws (and until 95% of all tracts in the subdivision are sold or six (6) months thereafter, subject to the prior written approval of the Developer), to (i) borrow money for the purpose of improving and maintaining the Common Areas and facilities (including borrowing from the Developer or any entity affiliated with the Developer) and (ii) mortgage said property, however, the rights of such mortgagee of said property shall be subordinate to the rights of the Owners hereunder.

6.05.3. The right of the Association to suspend the Member's voting rights and the Member's and Member's Guests' right to use any recreational facilities within the Common Areas during any period in which the Maintenance Charge or any assessment against the members Tract remains unpaid.

6.05.4. The right of the Association to suspend the Member's voting rights and the Member's and Member's Guests' right to use any recreational facilities within the Common Area, after notice and hearing by the Board of Directors, for the infraction or violation by such Member or Member's Guests of this Declaration or the Rules and Regulations, as hereinafter defined, which suspension shall continue for the duration of such infraction or violation, plus a period not to exceed sixty (60) days following the cessation or curing of such infraction or violation.

SECTION VII MAINTENANCE FUND

7.01. Maintenance Fund Obligation. Each owner of a tract by acceptance of a deed therefore, whether or not shall be expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Association an annual maintenance charge (the Maintenance Charge), and any other assessments or charges hereby levied. The Maintenance Charge and any other assessments or charges hereby levied, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Tracts and shall be a continuing lien upon the property against which each such Maintenance Charge and other charges and assessments are made.

7.02. Basis of the Maintenance Charge.

7.02.1. The Maintenance Charge referred to shall be used to create a fund to be known as the "Maintenance Fund", which shall be used as herein provided; and each such Maintenance Charge (except as otherwise hereinafter provided) shall be paid by the Owner of each Tract (or residential building site) to the Association. The Maintenance Charge for the year of purchase shall be pro-rated at closing and then shall be paid annually, in advance, on or before the first day of the first month of each calendar year. Provided, however if such owner owns more than one tract in the subdivision, such Owner shall pay only twice the assessment of one (1) tract no matter how many tracts are owned or in the event Owner obtains consent from the Committee for a Composite Building site pursuant to Paragraph 3.02 hereof and replats two or more Tracts into one Composite Building Site, such Composite Building Site shall be considered for the Maintenance Charge as one Tract upon the recording of the replat.

7.02.2. Any Maintenance Charge not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the hereinafter described lien against the owner's tract. No owner may waive or otherwise escape liability for the Maintenance Charge by non-use of any Common Areas or recreational facilities available for use by owners of the subdivision or by the abandonment of his Tract.

7.02.3. The initial amount of the Maintenance Charge applicable to each Tract will be determined by the Developer. All other matters relating to the Maintenance Charge and the collection, expenditures and administration of the Maintenance Fund shall be determined by the Developer or the Board of Directors of the Association, subject to the provisions hereof.

7.02.4. The Association, from and after the Control Transfer Date, shall have the further right at any time, with a two-thirds vote of all association members to adjust or alter said Maintenance Charge from year to year as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association in order for the Association to carry out its duties hereunder.

7.02.5. In addition to the Maintenance Charge, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against all Tracts and may be enforced in the same manner as the Maintenance Charge.

7.03. Creation of Lien and Personal Obligation. In order to secure the payment of the Maintenance Charge, and other charges and assessments hereby levied, each Owner of a Tract in the subdivision, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Tract which may be foreclosed on by non-judicial foreclosure and pursuant to the provisions of Chapters 51 and 209 of the Texas Property Code (and any successor statute); and each such owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Chapters 51 and 209 of the Texas Property Code and said power of sale, designate in writing a Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The Trustee may be changed at any time and from time to time by the Association by means of written instrument executed by the President or any Vice-President of the Association and filed for record in the Official Public Records of Navarro County, Texas. In the event that the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Chapters 51 and 209 of the Texas Property Code and to exercise the power of sale hereby granted, the Association, or the Association's agent, shall give notice of foreclosure sale as provided by the Texas Property Code as then amended. Upon request by Association, Trustee shall give any further notice of foreclosure sale as may be

required by the Texas Property Code as then amended, and shall convey such Tract to the highest bidder for cash by a Trustee's Deed. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with such default, including reasonable attorney's fees and a reasonable trustee's fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount in default; and third, the remaining balance shall be paid to such Owner.

Following any such foreclosure, each occupant of any such Tract foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder.

In the event of non-payment by any Owner of any Maintenance Charge or other charge or assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the remedies provided herein, upon ten (10) days prior written notice thereof to such nonpaying Owner, exercise all other rights and remedies available at law or in equity.

It is the intent of the provisions of this Paragraph 7.03 to comply with the provisions of said Chapters 51 and 209 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Chapters 51 and 209 of the Texas Property code hereafter, the President or any Vice-President of the Association, acting without joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Official Public Records of Navarro County, Texas, amend the provisions hereof so as to comply with said amendments to Chapters 51 and 209 of the Texas Property Code.

7.04. Notice of Lien. In addition to the right of the Association to enforce the Maintenance Charge or other charge or assessment levied hereunder, the Association may file a claim or lien against the Tract of the delinquent Owner by recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest thereon, (c) the costs of collection which have accrued thereon, (d) the legal description and street address of the Tract against which the lien is claimed and (e) the name of the Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the preparation and recordation of such release of lien instrument.

7.05. Liens Subordinate to Mortgages. The lien described in Paragraph 7.03 hereof shall be deemed subordinate to a first lien granted by Developer on the Property or any part thereof to any lender and to each and every lien of Developer, any bank, insurance company, savings and loan association, university, pension and profit sharing trust or plans, or any other third party lender, which may have heretofore or may hereafter lend money or extended credit in good faith for the acquisition or improvement of the Property or any part thereof, including without limitation, any one or more Tract(s), and any renewal, extension, rearrangement or refinancing of such acquisition or improvement costs. The lien described in Paragraph 7.03 hereof shall further be deemed subordinate to any home equity loan. Each such lienholder who obtains title to any portion of the Property encumbered by its lien pursuant to the remedies provided in the deed of trust or mortgage granting the lien or by judicial foreclosure of the lien shall take title to said Property free and clear of any claims for unpaid Maintenance Charges or other charges of assessments against such Property which accrued prior to the time such holder acquired title to such Property. No such sale or transfer shall relieve such holder from liability for any Maintenance Charge or other charges or assessments accruing thereafter or from the lien described in Paragraph 7.03 hereof on account thereof. Any other sale or transfer of the Property shall not affect the Association's lien for

Maintenance Charges or other charges or assessments. The Association shall make a good faith effort to give each such lienholder having a lien on any portion of the Property to be foreclosed sixty (60) days advance written notice of the Association's proposed foreclosure of the lien described in Paragraph 7.03 hereof, which notice shall be sent to the nearest office of such mortgagee by prepaid United States registered or Certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Charges or other charges or assessments upon which the proposed action is based, provided, however, the Association's failure to give such notice shall not invalidate any foreclosure conducted by the Association pursuant to the provisions of this Section VII.

7.06. Purpose of the Maintenance Charges. The maintenance charge levied by the Developer or the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the Owners of the subdivision which hereafter may become subject to the jurisdiction of the Association. In particular, the Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described in Section IX, including the maintenance of any Common Areas, roads, any Drainage Easements and the establishment and maintenance of a reserve fund for maintenance of any Common Areas and Private Roads. The Maintenance Fund may be expended by the Developer or the Association for any purposes which, in the judgment of the Association, will tend to maintain the property values in the subdivision, including, but not limited to, providing funds for the actual cost to the Association of all taxes, insurance, repairs, energy charges, replacement and maintenance of the Common Areas and roads as may from time to time be authorized by the Association. Except for the Association's use of the Maintenance Charge to perform its duties described in this Declaration and in the Bylaws, the use of the Maintenance Charge for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Association as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

7.07. Handling of Maintenance Charges. The collection and management of the Maintenance Charge or other charge or assessment levied hereunder, shall be performed by the Developer, or management Company hired for the Association by Developer, until the Control Transfer Date, at which time the Developer shall deliver to the Association all funds on hand together with all books and records of receipt and disbursements. The Developer and, upon transfer, the Association, shall maintain separate special accounts for these funds, and Owners shall be provided at least annually information on the Maintenance Fund.

7.08. Exempt Property. The following property shall be exempt from the Maintenance Charge and all other charges and assessments created herein:

7.08.1. All properties dedicated to and accepted by a local public authority; and

7.08.2. All Common Areas and Roadways (both Private and public); and

7.08.3. All properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas; and

7.08.4. All Property owned by Developer.

7.08.5. All property designated as a Drill Site.

SECTION VIII DEVELOPER'S RIGHTS AND RESERVATIONS

8.01. Period of Developer's Rights and Reservations. Developer shall have, retain and reserve certain rights as set forth in this declaration with respect to the Association and the Common Area from the date hereof, until the earlier to occur of (i) the Control Transfer Date or (ii) Developer's written notice to the Association of Developer's termination of the rights described in Section VI hereof. The rights and reservations hereinafter set forth shall be deemed accepted and reserved in each

conveyance of a Tract by Developer to an Owner whether or not specifically stated therein and in each deed or other instrument by which any property within the Common Area is conveyed by Developer. The rights, reservations and easements hereafter set forth shall be prior and superior to any other provisions of this Declaration and may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration. Developer's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

8.02. Right to Construct Additional Improvements in Common Area. Developer shall have and hereby reserves the right (without the consent of any other Owner), but shall not be obligated to construct additional improvements within the Common Area at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association and Owners, so long as such construction does not directly result in the increase of such Maintenance Charge. Developer shall, on or before the Control Transfer Date, convey or transfer such improvements to the Association and the Association shall be obligated to accept title to care for and maintain the same as elsewhere provided in this Declaration.

8.03. Developer's Rights to Use Common Areas in Promotion and Marketing of the Property. Developer shall have and hereby reserves the right to use of the Common Area and of services offered by the Association in connection with the promotion and marketing of land within the boundaries of the Property. Without limiting the generality of the foregoing, Developer may erect and maintain on any part of the Common Area such signs, temporary buildings and other structures as Developer may reasonably deem necessary or proper in connection with the promotion, development and marketing of land within the Property; may use vehicles and equipment within the Common Area for promotional purposes; and may permit prospective purchasers of property within the boundaries of the Property, who are not Owners or Members of the Association, to use the Common Area at reasonable times and in reasonable numbers; and may refer to the services offered by the Association in connection with the development, promotion and marketing of the property.

8.04. Developer's Rights to Grant and Create Easements. Developer shall have and hereby reserves the right, without the consent of any other Owners or the Association, to grant or create temporary or permanent easements, for access, utilities, pipeline easement, cable television systems, communication and security systems, drainage, water and other purposes incidental to development, sale, operation and maintenance of the Subdivision, located in, on, under, over and across (i) the Tracts or other property owned by Developer, (ii) the Common Area, and (iii) existing Utility Easements. Developer also reserves the right, without the consent of any other Owner or the Association, to grant or create temporary or permanent easements for access over and across the streets and roads within the subdivision, and for any other such reason as the Developer deems necessary in its own discretion, to promote and develop the Subdivision.

8.05. Developer's Rights to Convey Additional Common Area to the Association. Developer shall have and hereby reserves the right, but shall not be obligated to, convey additional real property and improvements thereon, if any, to the Association as Common Area at any time and from time to time in accordance with this Declaration, without the consent of any other Owner or the Association.

8.06. Annexation of Annexable Area. Additional property outside of the subdivision, may, at any time and from time to time, be annexed by Developer into the real property which becomes subject to the jurisdiction and benefit of the Association, without the consent of the Owners or any other party.

SECTION IX **DUTIES AND POWERS OF THE ASSOCIATION**

9.01. General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has delegated

such powers (and subject to the provisions of the Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness, desirability and safety of the Subdivision. The Association shall have the authority to act as the agent to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the Association as set forth in this Declaration.

9.02. Duty to Accept the Property and Facilities Transferred by Developer. The Association shall accept title to any property, including any improvements thereon and personal property transferred to the Association by Developer, and equipment related thereto, together with the responsibility to perform any and all administrative functions and recreation functions associated therewith (collectively herein referred to as "Functions"), provided that such property and Functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Developer may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association by Developer shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens and mortgages (other than the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, the terms of any declaration of covenants, conditions and restrictions annexing such property to the Common Area, and all easements, covenants, conditions, restrictions and equitable servitude or other encumbrances which do not materially affect the Owners authorized to use such property. Except as otherwise specifically approved by resolution of the Board of Directors, no property or interest in property transferred to the Association by the Developer shall impose upon the Association any obligation to make monetary payments to Developer or any affiliate of Developer including, but not limited to, any purchase price, rent, charge or fee.

9.03. Duty to Manage and Care for the Common Area. The Association shall manage, operate, care for, maintain and repair all Common Areas and entrances and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members. Further, the Association shall pay for electrical services and for all other costs and expenses necessary to operate and maintain any lighting within street right-of-ways and Common Areas.

9.04. Other Insurance Bonds. The Association shall maintain a general liability insurance policy covering all common areas in an amount determined adequate by the Board of Directors. The Association shall obtain such other insurance as may be required by law, including worker's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable.

9.05. Duty to Prepare Budgets. The Association shall prepare budgets for the Association, which budgets shall include a reserve fund for the maintenance of all Common Areas, roads and drainage easements.

9.06. Duty to Levy and Collect the Maintenance Charge. The Association shall levy, collect and enforce the Maintenance Charge and other charges and assessments as elsewhere provided in this Declaration.

9.07. Duty to Provide Annual Review. The Association shall provide for an annual unaudited independent review of the accounts of the Association. Copies of the review shall be made available to any Member who requests a copy of the same upon payment by such Member of the reasonable cost of copying the same.

9.08. Duties with Respect to Architectural Approvals. The Association shall perform functions to assist the Committee as elsewhere provided in Section V of this Declaration.

9.09. Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases) for the common benefit of Owners including improvements and personal property. The Association may construct improvements on the Property and may demolish existing improvements.

9.10. Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association.

9.11. Power to Enforce Restrictions and Rules and Regulations. The Association (and any Owner with respect only to the remedies described in (ii) below) shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board of Directors deems necessary or desirable to cause such compliance by each Member and each Member's Guests. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of Rules and Regulations of the Association by any one or more of the following means: (i) By entry upon any property within the subdivision after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without notice (written or oral) to the Owner in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use or enjoyment of the improvements situated thereon by the Owner or any other person), without liability by the Association to the Owner thereof, for the purpose of enforcement of this Declaration or the Rules and Regulations; (ii) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations; (iii) by exclusion, after notice and hearing, of any Member of Member's Guests from use of any recreational facilities within the Common Areas during and for up to sixty (60) days following any breach of this Declaration or such Rules and Regulations by such Member or any Member's Guests, unless the breach is a continuing breach in which case exclusion shall continue for so long as such breach continues; (iv) by suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Member's Guests of a provision of this Declaration or such Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (v) by levying and collecting, after notice and hearing, an assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or a Member's Guests which assessment reimbursed the Association for the costs incurred by the Association in connection with such breach; (vi) by levying and collecting, after notice and hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Member's Guests for breach of this Declaration or such Rules and Regulations by such Member or a Member's Guests; and (vii) by taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Members, plus attorney's fees incurred by the Association with respect to exercising such remedy.

Before the Board may invoke the remedies provided above, it shall give registered notice of such alleged violation to Owner, and shall afford the Owner a hearing. If, after the hearing, a violation is found to exist, the Board's right to proceed with the listed remedies shall become absolute. Each day a violation continues shall be deemed a separate violation. Failure of the Association, the Developer, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon a subsequent breach or default.

9.12. Power to Grant Easements. In addition to any blanket easements described in this Declaration, the Association shall have the power to grant access, utility, drainage, water facility and other such easements in, on, over or under the Common Area.

**SECTION X
GENERAL PROVISIONS**

10.01. Term. The provisions hereof shall run with all property in THE SHORES ON RICHLAND CHAMBERS and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by not less than two-thirds (2/3rds) of the Owners (including the Developer) of the Tracts has been recorded agreeing to amend or change, in whole or in part, this Declaration.

10.02. Annexation by Developer. Until twenty (20) years after the recording of this Declaration in the Public Records of Navarro County, Texas, Developer may from time to time unilaterally subject to the provisions of this Declaration all or any portion of the Additional Property. The Developer may transfer or assign this right to annex property, provided that the transferee or assignee is the developer of at least a portion of the real property described in Exhibits "A" or "B" and that such transfer is memorialized in a written, recorded instrument executed by Developer.

Such annexation shall be accomplished by filing a Supplemental Declaration in the Public Records of Navarro County, Texas describing the property being annexed. Such Supplemental Declaration shall not require the consent of Members, but shall require the consent of the owner of such property, if other than Developer. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein.

Nothing in this Declaration shall be construed to require the Developer or any successor to annex or develop any of the Additional Property in any manner whatsoever.

10.03. Withdrawal of Property. The Developer reserves the right to amend this Declaration at any time prior to the Control Transfer Date, for the purpose of removing any portion of the Properties from the coverage of this Declaration. Such amendment shall not require the consent of any Person other than the Owner of the property to be withdrawn, if not the Developer. If the property is Common Area or a Reserve area, the Association shall consent to such withdrawal.

10.04. Additional Covenants and Easements. The Developer may unilaterally subject any portion of the Properties to additional covenants and easements, including covenants obligating the Association to maintain and insure such property on behalf of the Owners and obligating such Owners to pay the costs incurred by the Association through assessments. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrently with or after the annexation of the subject property, and shall require the written consent of the owner(s) of such property, if other than the Developer. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

10.05. Termination. Unless otherwise provided by Texas law, in which case such law shall control, this Declaration may not be terminated within forty (40) years of the date of recording without the consent of all Owners. Thereafter, it may be terminated only by an instrument signed by Owners of at least seventy-five percent (75%) of the total Lots within the Properties and by the Developer, if the Developer owns any portion of the Properties, which instrument is recorded in the Public Records of Navarro County, Texas. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

10.06. Amendments. This Declaration may be amended or changed, in whole or in part, at any time by the written agreement or by signed ballots voting for such amendment, of not less than two-thirds (2/3rds) of all of the Owners (including Developer) of the subdivision. There shall be one vote per Tract. Anyone owning more than one Tract shall have one vote for each Tract owned. If the Declaration is amended

by a written instrument signed by those Owners entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Owners of the Association, such amendment must be approved by said Owners within three hundred sixty-five (365) days of the date the first Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facia evidence of the date of execution of said amendment by such Owner. Any such amendment shall become effective when an instrument is filed for record in the Official Public Records of Navarro County, Texas, accompanied by a certificate, signed by a majority of the Board of Trustees, stating that the required number of Members (Owners, including the Developer) executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination. The Owners shall not amend this Declaration in such a manner as to increase the priority of the Association's lien for the Maintenance Charge or any other charge or assessment as against any lienholder, without the affirmative unanimous vote to do so of all Owners and lienholders directly affected thereby. Furthermore, no amendment to this Declaration which adversely affects the rights or security interests of any holder of a lien to which the lien described in Paragraph 7.03 hereof has been subordinated pursuant to Paragraph 7.05 hereof shall become effective unless and until approved, in writing, by such lienholder. No amendment to this Declaration which adversely affects the rights and privileges of Developer shall become effective unless and until approved, in writing, by Developer and any Mortgagee of Record which is a lender to Developer.

10.07. Amendments by the Developer. The Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged, and filed for record. Additionally, Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner of other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of permitting the Owners to enjoy the benefits from technological advances, such as security, communications or energy-related devices or equipment which did not exist or were not in common use in residential communities at the time this Declaration was adopted. Likewise, the Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of prohibiting the use of any device or apparatus developed and/or available for residential or commercial use following the date of this Declaration if the use of such device or apparatus will adversely affect the Association or will adversely affect the property values within the subdivision.

10.08. Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity of un-enforceability or partial invalidity or partial unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

10.09. Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

10.10. Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the Developer and the Association, and their respective heirs, legal representatives, executors, administrators, successors and assigns.

10.11. Effect of Violations on Mortgages. No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgagee under any such mortgage, the holder of any such lien or beneficiary of any such deed of trust; and any such mortgage, lien or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

10.12. Terminology. All personal pronouns used in this Declaration and all exhibits attached hereto, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa. Title of Sections and Paragraphs are for convenience only and neither limit nor amplify the provisions of this Declaration itself. The terms "herein," "hereof" and similar terms, as used in this instrument, refer to the entire agreement and are not limited to referring only to the specific paragraph, section or article in which such terms appear. All references in this Declaration to Exhibits shall refer to the Exhibits attached hereto.

IN WITNESS WHEREOF, the undersigned, being the Developer herein, has hereunto set its hand of this 13 day of October, 2005

TEXAS LAND & LAKES, LTD.
By and through its General Partner
TEXAS LAND & LAKES, INC.

By: [Signature]
Marcus Smith, President

STATE OF TEXAS §
 §
COUNTY OF VAN ZANDT §

This instrument was acknowledged before me on the 13 day of October, 2005, by MARCUS SMITH, President of TEXAS LAND & LAKES, INC. the General Partner of TEXAS LAND & LAKES, LTD., Developer/Declarant in the capacity therein stated, on behalf of said Limited Partnership.



[Signature]
Notary Public, State of Texas

AFTER RECORDING RETURN TO:

TEXAS LAND & LAKES, LTD.
24632 State Highway 64 East
Canton, Texas 75103.

Bk Vol Ps
00009967 RP 1784 660

EXHIBIT "A"

Land Initially Submitted to this Declaration

THE SHORES ON RICHLAND CHAMBERS LAKE, PHASE 1

ALL THOSE TRACTS or parcel of land, together with the improvements and appurtenances belonging thereto, lying and being in Navarro County, Texas, as shown on the plat of THE SHORES ON RICHLAND CHAMBERS LAKE, PHASE 1, prepared by Warren Surveying, Inc. and Turner, Collic & Braden, Inc. a copy of which plat was recorded on October 11, 2005, and filed in the real property records of Navarro County, Texas at Volume 7, Page(s) 307-320, and to which plat reference is hereby made for a more particular description of said land.

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00009967 RP 1784 661

EXHIBIT "B"

Land Subject to Annexation

Any property located within a five (5) mile radius of the perimeter boundary of the land described on Exhibit "A" of this Declaration.

Filed for Record in:
Navarro County

On: Oct 14, 2005 at 12:54P

As a
Recording

Document Number: 00009967

Amount: 72.00

Receipt Number - 4826

By:
Sharon Johnson

STATE OF TEXAS COUNTY OF NAVARRO
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: Navarro County
as stamped hereon by me.

Oct 14, 2005

Sherry Dowd, County Clerk
Navarro County