

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

For

HERITAGE HILLS TOWNHOMES

THE STATE OF TEXAS:

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF WASHINGTON:

WESTFIELD BUILDERS, L.L.C., (hereinafter collectively called "*Declarant*"). are the owners in fee simple of a parcel of land, such parcel of land consisting of twelve (12) lots being described as follows:

Heritage Hills Townhomes, a subdivision of 1.892 acres of land situated in the City of Brenham, Washington County, Texas, out of the M. N. Combs Survey Abstract No. 124, as more fully shown, on plat recorded in Plat Cabinet File No. 556A Plat Records of Washington County Texas.

Being the same property described in Deed dated December 8, 2006 executed by Stone Mansion, Inc., a Texas Corporation, acting by and through its President, Wayne B. Hawkins, to Westfield Builders, L.L.C., recorded in Volume 1227, Page 760, Official Records of Washington County, Texas

For the purposes of enhancing and protecting the value, attractiveness and desirability of the Subdivision, Declarant hereby declares that the Subdivision and each part thereof shall be held, sold and conveyed only subject to the following easements, covenants, conditions, and restrictions which shall constitute covenants running with the land and shall be binding on all parties having any right, title or interest in the Subdivision, or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I **DEFINITIONS**

Section 1. "*Association*" shall mean and refer to HERITAGE HILLS TOWNHOMES ASSOCIATION, INC., a Nonprofit Corporation, its successors and assigns.

Section 2. "*Declarant*" shall mean WESTFIELD BUILDERS, L.L.C.

Section 3. "*Unit*" shall mean and refer to the improvements constructed on a Lot (as that term is herein defined) designated or intended for independent use as a single family residence and adjacent carport which has a direct or indirect exit to a public street or way, together with an undivided 8.33333 percent each in the Common Elements.

Section 4. "*Common Elements*" shall mean and refer to each and every portion of the Subdivision shown as open space, accessway(s), streets, common driveways, or thoroughfares, all as shown on the recorded plat of the Subdivision, but shall not include any portion of the lots except for designated easements indicated on the plat.

Section 5. "Lot" shall mean the twelve (12) lots located within the Subdivision.

Section 6. "Property" means and includes all the Lots, the Units, the Common Elements, and all easements, rights and appurtenances belonging thereto, comprising the Subdivision.

Section 7. "Maintenance" shall mean the exercise of reasonable care to keep the Units, driveways, landscaping, lighting, and other related improvements and fixtures in a condition comparable to their original condition, normal wear and tear excepted. Maintenance of landscaping shall further mean the exercise of generally accepted garden management practices necessary to promote a healthy, weed-free environment for optimum plant growth.

Section 8. "Member" shall mean every person or entity that holds membership in the Association.

Section 9. "Mortgage" shall mean a mortgage or Deed of Trust.

Section 10. "Mortgagee" shall mean a holder of a mortgage or a beneficiary under or holder of a Deed of Trust.

Section 11. "Owner" shall mean the record owner, whether one or more persons or entities of a fee simple title to any Lot but shall not include those holding title merely as security for performance of an obligation.

ARTICLE II **MEMBERSHIP IN ASSOCIATION, VOTING RIGHTS**

Section 1. Every Owner of a Lot shall be a Member of the Association; membership shall be appurtenant to and may not be separated from ownership of a Lot.

Section 2. The Association shall have two classes of voting Members as follows:

Class A: The Class A Members shall be all Owners with the exception of WESTFIELD BUILDERS, L.L.C., and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in a given Lot, all such persons shall be Members and the vote for such Lot shall be exercised as they may determine among themselves. In no event shall more than one vote be cast with respect to each Lot owned by Class A Members.

Class B: The Class B Member shall be WESTFIELD BUILDERS, L.L.C., who shall be entitled to exercise three votes for each Lot owned. The Class B membership shall cease and be converted to a Class A membership upon the occurrence of any of the following events, whichever occurs first: (i) when the total number of votes entitled to be cast by the Class A Members, with respect to the Subdivision, at any meeting of the Members or otherwise, equals the total number of votes entitled to be the Class B Member, with respect to the Subdivision; (ii) ten (10) years from the date this Declaration is filed in the Real Property Records of Washington County, Texas; or (iii) at such earlier time as the Class B Member, in its sole discretion, shall elect.

Section 3. If title to a Lot shall be in the name of two (2) or more Owners, anyone of such Owners may vote as the Owner of the Lot at any meeting of the Association and such vote shall be binding on such other Owners who are not present at such meeting until written notice to the contrary has been received by the Association in which case the unanimous action of all such owners (in person or by proxy) shall be required to cast the one vote of such Lot.

Section 4. The vote of each Owner may only be cast by such Owner or by a proxy given by such Owner to his duly authorized representative.

ARTICLE III **POWERS, DUTIES, RESPONSIBILITIES OF ASSOCIATION**

The Association shall have the powers, duties, and responsibilities provided by this Declaration of Covenants, Conditions and Restrictions including, but not limited to the following:

- (i) to make and enforce rules and regulations covering the operation and maintenance of the Property;
- (ii) to engage the services of a manager or managing company, accountants, attorneys or other employees or agents and to pay said persons a reasonable compensation therefor;
- (iii) to operate, maintain, repair, improve and replace the Common Elements and facilities;
- (iv) to determine and pay the common expenses, including but not limited to (i) the water charges attributable to the Common Elements of the Subdivision; (ii) property taxes on the Common Elements; (iii) insurance (including casualty and liability) attributable to the Common Elements; (iv) any other expenses necessary to operate, maintain, repair, improve and replace the Common Elements;
- (v) to assess and collect the proportionate share of common expenses and expenses attributable to a specific Lot from the Lot Owners;
- (vi) to open bank accounts on behalf of the Association and to designate the signatures therefor;
- (vii) to bring, prosecute and settle litigation for the Association and the Property, provided that no settlement shall be made which results in liability against the Association or the Property without prior approval of the majority of the Lot Owners;
- (viii) to obtain, fire, casualty and liability insurance on the Property or any portion thereof in the name of the Association, at the option of the Association; or upon Lot Owner's default in providing insurance as required by the Declaration to obtain the required insurance in the name of the Lot Owner and assess the expense of procuring such insurance to Owner and to such Owner's respective Lot;
- (ix) upon an Owner's default in the obligation to repair and rebuild, at the option of the Association, the Association may repair or restore (at Lot Owner's expense), the Unit or any portion thereof following damage or destruction thereof;

- (x) to do such other acts necessary for the operation and maintenance of the Property, including the maintenance and repair of any improvements located on a Lot if the same is necessary to protect or preserve the Property; and
- (xi) all other powers, duties and responsibilities as set forth in the By-Laws of the Association, as amended from time to time.

ARTICLE IV **PROPERTY RIGHTS**

Section 1. Owner's Easement of Enjoyment

Every Owner of a Lot shall have a right and easement of enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to such Lot.

Section 2. Easements of Encroachments

Each Lot, and the property included in the Common Elements, shall be subject to an easement for encroachments created by construction, settling and overhang of the individual Units. There shall exist reciprocal appurtenant easements as between adjacent Lots, and between each Unit and any portion or portions of the area adjacent thereto for any encroachment due to the unwillful placement, settling or shifting of the improvements constructed, reconstructed, or altered thereon, provided such construction, reconstruction, or alteration is in accordance with the terms of this Declaration. No easement or encroachment shall exist as to any encroachment occurring due to the willful conduct of an Owner.

Section 3. Other Easements

(a) No structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may damage, interfere with, or change the direction or flow of drainage utilities. The easement area of each Lot and all improvements therein shall be continuously maintained by the Owner of such Lot, except for improvements for maintenance of which a public authority or utility company is responsible.

(b) No structure of any kind shall be built, erected, or maintained on any easement, reservation, or right-of-way, and such easements, reservations, and rights-of-way shall at all times be open and accessible to public and quasi-public utility corporations, their employees, and contractors, and shall also be open and accessible to Declarant, its successors and assigns, all of whom shall have the right and privilege of doing whatever may be necessary in, on, under, and above such locations to carry out any of the purposes for which such easements, reservations, and rights-of-way are reserved.

(c) Parking of vehicles on any street, driveway or thoroughfare located within the Subdivision shall be restricted to the Owners and their invitees and only in designated areas provided, however, in no event shall a vehicle ever be parked in such a manner which will block ingress or egress to or from any part of the Subdivision.

Section 4. Right of Entry

The Association, through its duly authorized employees and contractors, shall have the right after reasonable notice to the Owner thereof to enter any Unit at any reasonable hour on any day to perform such maintenance as may be authorized herein.

ARTICLE V ASSESSMENTS

The making and collection of assessments from Lot Owners for their share of common expenses shall be established by the Association and subject to the following provisions:

Section 1. Each Owner shall be liable for:

(a) an undivided percentage of the common expenses which is equal to the undivided percentage of the Common Elements owned by such Owner (including; but not limited to (i) special assessments for capital improvements; (ii) monthly common maintenance charges; (iii) property tax assessments for all real property taxes on the Common Elements; (iv) insurance charges attributable to the Common Elements), and

(b) any other expenses payable by the Association attributable to the Owner's specific Lot or Unit.

Section 2. All assessments shall be paid annually, and the amount of the assessment to each lot Owner shall be \$840.00, per year or \$70.00 per month beginning January 1, 2008. The amount of the assessment shall be established by the Board of Directors of the Association; provided, however that any increase may not exceed an amount equal to the amount necessary to cover any increases in property tax assessments for all real property taxes on the Common Elements, plus ten percent (10%) of the prior years, monthly assessment. The maximum assessments, as provided above, may be increased above the maximum by a vote of 2/3 of the Lot Owners. Assessments and any installments thereof not paid on or before ten (10) days after the date when due, shall bear interest at the rate of ten percent (10%) per annum, or at such lawful rate of interest as may be set by the Association, from the date when due until paid. All payments on account shall be first applied to interest and then to the assessment payment first due.

Section 3. In addition to the annual maintenance assessments authorized herein, the Association may levy a special assessment, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement located on any of the Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the approval of 2/3 of the votes of each class of members who are voting.

Section 4. Subject and subordinate only to the first lien Mortgage on each lot, a continuing Vendor's Lien upon each Lot is hereby retained to secure the payment such assessments and obligations hereunder, and each Lot is impressed with such lien against it to secure the payment of all assessments and obligations hereunder, which lien shall also secure the payment of reasonable attorney's fees, costs and expenses, including taxes incurred by the Association or any person incident to the collection of unpaid assessment or other charges. Each Owner of a Lot, by acceptance of a deed or other conveyance therefore, whether or not it is so stated or expressed in such deed or other conveyance, shall be deemed to covenant and agree to such lien.

Section 5. Subject to the rights of any Mortgagee, if any action for the foreclosure of a lien

rental for the Unit, and the Association shall be entitled to the appointment of a receiver to collect the same.

Section 6. Subject to the rights of any Mortgagee, if the Unit Owner shall, at any time, let or sublet his Unit and shall default for a period of one (1) month in the payment of ASSESSMENTS, the Association may, at its option, so long as such default shall continue, demand and receive from any tenant or subtenant of the Owner the rent due or becoming due in the payment of such rent to, the Association shall be sufficient payment and discharge of such tenant or subtenant and the Owner to the extent of the amount so paid.

Section 7. Any assessment lien created or claimed under the provisions of this Declaration shall be subject and subordinate only to the rights of any first lien Mortgagee of any duly recorded first lien Mortgage upon one of more Lots made in good faith and for value. No Lien created under the provisions of said Declaration shall in any way defeat, invalidate or impair the rights of any first lien Mortgagee under any such duly recorded first lien Mortgage unless such Mortgagee shall expressly subordinate its interest, to such lien.

ARTICLE VI USE RESTRICTIONS

All Lots and the improvements thereon shall be occupied and used only as follows:

Section 1. For residential purposes only.

Section 2. An Owner may lease the owned Unit for any term as long as such lease is for single family residential purposes only. All leases shall be written on forms approved by the Association.

Section 3. No business of any kind shall be conducted on any Lot with the exception of the business of Declarant, in the sale of all of the Lots.

Section 4. No obnoxious or offensive activity shall be carried on, in or about any Lot with the exception of the business of Declarant in selling all of the Lots.

Section 5. No sign of any kind shall be displayed to public view on a Lot without the prior written consent of the Association, except customary (i) name and address signs, and (ii) signs for the sale or rental of a Lot with the exception of the business of Declarant, in the sale of all of the Lots.

Section 6. Nothing shall be done or kept on a Lot which would increase the rate of insurance relating thereto without the prior written consent of the Association, and no Owner shall permit anything to be done or kept on his property which would result in the cancellation of insurance on any improvements located on a Lot or which would be in violation of any law.

Section 7. The Common Elements shall not be used for storage of supplies, personal property, trash of any kind except common sanitary trash receptacles located in appropriate areas concealed from public view as designated by the Association and on day of trash pick-up as required by the City of Brenham. Nor shall the Common Elements be used in any way for drying, shaking or airing of clothing or other fabrics. Entrance, sidewalks, yards, driveways and parking areas shall not be obstructed in any way nor shall unauthorized persons or pets play

therein or thereon or use them for other than their intended purposes. In general, no activities shall be carried on nor condition maintained by any Owner either of the owned Lot or upon the Common Elements which despoils the appearance of the Property.

Section 8. Except as specifically provided herein, no animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot or within a Unit. No more than two (2) dogs, cats, or other household pets may be kept in a Unit subject, or upon a Lot, if the Lot is fenced, subject to the rules and regulations as may be adopted by the Association. No pet may be permitted to run loose upon the Common Elements, and any Owner who causes any animal to be brought or kept upon any part of the Property shall indemnify and hold harmless the Association for any loss, damage, or liability which the Association may sustain as a result of the presence of such animal on the Property, whether or not the Association has given its permission therefor. Two-thirds of the Owners of the Lots shall have the right to modify this section at any time, and all Owners will recognize and abide by this section as may be modified from time to time.

Section 9. No Owner shall make structural alterations or modifications to the Owned Unit or to any of the Common Elements without the written approval of the Association. The Association shall not approve of any alterations, decorations or modifications which would jeopardize the soundness, safety and appearance of the Subdivision.

Section 10. No fence, hedge, wall or other dividing instrumentality in excess of six feet (6') in height shall be constructed on any Lot except with the written consent of the Association.

Section 11. Doors of any other storage room or gates shall be maintained in a closed position whenever possible.

Section 12. No outside television or radio aerial or antenna or other aerial or antenna or similar device, for reception or transmission, shall be maintained upon in a Unit or Lot without the prior written consent of the Association.

Section 13. No part of any Unit and its adjacent area shall be permitted to fall into disrepair and the Unit shall be maintained in good condition and repair.

Section 14. No vehicle or other object belonging to or under the control of an Owner or member of the family or a guest, tenant, lessee, or employee of any Owner shall be parked in such manner as to impede or prevent ready access to any entrance to or exist from any Lot or Unit or on any access easement.

Section 15. Vehicles not in operating condition shall not be parked upon the premises of the Property. No parking space shall be converted for living, recreational or business purposes nor shall anything be stored in any parking space as to prevent the parking of a vehicle therein.

Section 16. Owners and occupants shall exercise reasonable care to avoid making or permitting to be made, loud, disturbing or objectionable noises, and in using or playing or permitting to be used or played musical instruments, radios, phonographs, televisions, amplifiers, and any other instruments or devices in such a manner as may disturb or tend to disturb occupants of other Units, and the same shall not be played or permitted to be played between the hours of 10:30 P.M. and the following 8:00 A.M. if the same shall disturb or tend to disturb the other Unit occupants.

ARTICLE VII
OWNER'S OBLIGATIONS TO REPAIR

Section 1. Each Owner shall, at his sole cost and expense, repair his Unit, keeping the same in a condition comparable to the condition of such Unit at the time of its initial construction, excepting only normal wear and tear.

Section 2. If all or any portion of a Unit is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner thereof, with all due diligence, to rebuild, repair or reconstruct such Unit in a manner which will substantially restore it to its appearance and condition immediately prior to the casualty. Reconstruction shall be undertaken within one (1) month after the damage occurs, and shall be completed within six (6) months after the damage occurs unless prevented by causes beyond the control of the Owner or Owners.

Section 3. Each Owner shall be required to acquire and maintain in full force and effect a policy of fire and other casualty insurance in an amount acceptable to the Association, and with coverage adequate to cover the full replacement costs of any repair or reconstruction work on the Owner's Unit or Lot. The Association shall be named as an additional insured.

Section 4. The provisions pertaining to owner's obligations to make repairs shall not effect or impair the rights of any Mortgagee to receive all or any part of any insurance proceeds payable upon loss to a Unit, nor shall a Mortgagee, as a mortgagee or as an owner due to foreclosure, have any obligation to rebuild or repair a Unit.

ARTICLE VIII
CONVEYANCES AND EASEMENTS

Section 1. Every deed, lease, mortgage or other instrument may describe a Lot by its number as reflected on the recorded plat of the Subdivision. Every such description shall be deemed good and sufficient for all purposes and shall be deemed to convey, transfer, encumber or otherwise affect the Unit Owner's corresponding undivided 8.33333 percent ownership in the Common Elements and facilities, as a tenant-in-common, even though the same is not expressly mentioned or described. No Owner shall have the right during the term hereof (including extensions) to seek a partitioning of the Common Elements and it is stipulated that the Common Elements are not partitionable in kind.

Section 2. Every deed, lease, mortgage or other similar instrument shall be deemed to:

- 2.1 Except and reserve with respect to a Lot: (i) any portion of the Common Elements and facilities lying within said Lot, appurtenant to the Common Elements and facilities lying within said Lot; (ii) easements through said Lot, appurtenant to the Common Elements and all other Lots, for support and repair of the Common Elements and facilities and all other Lots; and (iii) easements, appurtenant to the Common Elements and facilities, for encroachment upon the air space of said Lot by those portions of the Common Elements and facilities located within said Lot.
- 2.2 Include with respect to a Lot non-exclusive easements for ingress and support of said Lot through the Common Elements and facilities, for the repair of said Lot through all other Lots and through the Common Elements and facilities.

- 2.3 Except and reserve, with respect to the undivided percentage interest in the Common Elements and facilities, non-exclusive easements appurtenant to all Lots for ingress, egress, support and repair.
- 2.4 Include, with respect to the undivided percentage interest in the common areas and facilities, non-exclusive easements through each Lot for support and repair of the Common Elements and facilities and non-exclusive easements for encroachments upon the air space of all of the Lots by and for the portions of the Common Elements and facilities lying within the Lots.

ARTICLE IX **GENERAL PROVISIONS**

Section 1. The Declaration of Covenants, Conditions and Restrictions shall be administered by the Association pursuant to the Articles of Incorporation, the Association Bylaws, and rules and regulations adopted by the Association.

Section 2. Enforcement:

Declarant, the Association, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, easements, reservations, liens, and charges nor or hereinafter imposed by the provisions of this Declaration. Failure by Declarant, the Association, or by any Owner to enforce any kind of a restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3 Severability:

Invalidation of anyone of these covenants or restrictions by judgment or court order shall in no way effect any other provisions, which shall remain in full force and effect.

Section 4. Amendments.

Covenants and restrictions of this Declaration may be amended by duly recording an instrument executed and acknowledged by at least fifty (50%) percent of the authorized votes of Members. No amendment to this Declaration shall affect the rights of a Mortgagee of any prior first lien Mortgage which is made in good faith and for value; provided that any such Mortgage is recorded prior to the recordation of such amendment, provided further that the benefit of this paragraph shall not apply to the Mortgagee of any such Mortgage unless each Mortgagee shall either join in the execution of such amendment or shall approve said amendment in writing as a part of said amendment.

Section 5. Subordination.

No breach of any of the conditions herein contained or re-entry by reason of such breach shall defeat or render invalid the lien of any Mortgagee made in good faith and for value as to any Lot; provided, however, that such condition shall be binding on any Owner whose title is acquired by foreclosure, Trustee's Sale or otherwise.

Section 6. Duration.

The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association or any Member thereof for a period of thirty-five (35) years from the date hereof. Thereafter they shall continue automatically in effect for additional periods of ten (10) years each, unless otherwise agreed to in writing by the then Owners of at least three quarters (3/4) of the Lots.

Section) 8. Captions.

The captions in this Declaration are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision thereof.

Section 9. Effective Date.

This Declaration shall take effect when recorded.

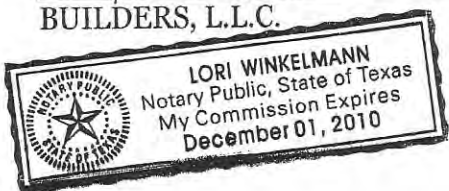
IN WITNESS WHEREOF, the undersigned has executed this Declaration of Covenants, Conditions, and Restrictions for Heritage Hills Townhomes this 9 day of November, 2007.

WESTFIELD BUILDERS, L.L.C.

[Signature]
Anthony Caporina, Member
[Signature]
Gary Bollinger, Member

THE STATE OF TEXAS:
COUNTY OF WASHINGTON:

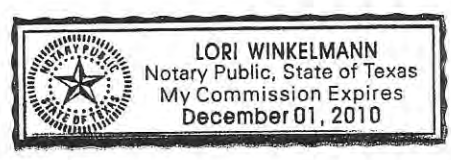
This instrument was acknowledged before me on the 9 day of November, 2007, by Anthony Caporina, Member of WESTFIELD BUILDERS, L.L.C.



[Signature]
Notary Public in and for the State of TEXAS

THE STATE OF TEXAS:
COUNTY OF WASHINGTON:

This instrument was acknowledged before me on the 9 day of November, 2007, by Gary Bollinger, Member of WESTFIELD BUILDERS, L.L.C.



[Signature]
Notary Public in and for the State of TEXAS

CONSENT OF MORTGAGE

The undersigned BRENHAM NATIONAL BANK, being the owner and holder of a mortgage lien upon and against the land and property described as the real property in the foregoing Declaration of Covenants, Conditions and Restrictions for Heritage Hills Townhomes, as mortgagee and lien holder, does hereby consent to said Declaration, of Covenants, Conditions and Restrictions, and subordinates such mortgage lien to the said Declaration of Covenants, Conditions and Restrictions for Heritage Hills Townhomes as if the same had been recorded prior to the creation of such liens.

This consent shall not be construed to operate as a release of said mortgage or liens owned and held by the undersigned or any part thereof.

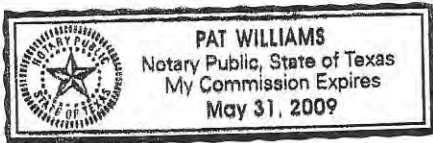
THE BRENHAM NATIONAL BANK

By: Michael Rudloff
Printed Name Michael Rudloff
Title Service President

THE STATE OF TEXAS:

COUNTY OF WASHINGTON:

This instrument was acknowledged before me on the 13 day of November, 2007, by Michael Rudloff, Title of Officer) of THE BRENHAM NATIONAL BANK.



Pat Williams
Notary Public in and for the State of TEXAS

EXHIBIT "A"

BY-LAWS

HERITAGE HILL TOWNHOME OWNERS ASSOCIATION, INC.

ARTICLE I

PLAN OF TOWNHOME OWNERSHIP

Section 1. Townhome Unit Ownership

The project located in the City of Brenham, County of Washington, State of Texas, known as Heritage Hill Townhomes, is submitted subject to the provisions of the Declaration of Covenants, Conditions and Restrictions of Heritage Hill Townhomes filed of record in the Deed records of Washington County.

Section 2. By-Laws Applicability

The provisions of these By-Laws are applicable to the Townhome Project. The term "Townhome Project" as used herein shall include the land.

Section 3. Personal Application

All present or future owners, tenants, future tenants, or their employees or any other person that might use the facilities of the Townhome Project in any manner, are subject to the regulations set forth in these By-Laws.

The mere acquisition or rental of any of the Townhome Units, (hereinafter referred to as "units"), of the project or the mere act of occupancy of any of said units will signify that these By-Laws are accepted, ratified, and will be complied with, and the terms of these By-Laws and the Declaration of Covenants, Conditions, and Restrictions shall be incorporated by reference into any lease or Rental Agreement of any of the units for purposes of determining of a default there under.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. Voting

Voting shall be on a percentage basis and the percentage of the vote to which the owner is entitled is the percentage assigned to the unit or units in the Declaration of Covenants, Conditions, and Restrictions.

Section 2. Majority of Owners

As used in these By-Laws, the term "majority of owners" shall mean those owners holding fifty-one percent (51%) or more of the votes in accordance with the percentages assigned in the Declaration of Covenants, Conditions, and Restrictions.

Section 3. Quorum

Except as otherwise provided in the By-Laws, the presence in person or by proxy of a "Majority of Owners", as defined in Section 2 of this Article, shall constitute a quorum.

Section 4. Proxies

Votes may be cast in person or by proxy. Proxies must be filed with the Secretary of Heritage Hill Homeowners Association, Inc., hereinafter referred to as the "Association", before the appointed time of each meeting.

ARTICLE III
ASSOCIATION RESPONSIBILITIES, MEETINGS

Section 1. Association Responsibilities

The owners of the units will be members of the Association which will have the responsibility of administering the project, approving the annual budget, establishing and collecting assessments and arranging for the management of the Townhome Project pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the management agent, if any. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of Owners.

Section 2. Place of Meeting

Meetings of the Association shall be held at a suitable place convenient to the Owners as may be designated by the Board of Directors.

Section 3. Annual Meeting

The first annual meeting of the Association shall be held within either thirty (30) days after title to twelve (12) units of the Heritage Hill Townhomes have been conveyed to bona fide purchasers of such units or September 1, 2008, whichever occurs first. Thereafter, the annual meeting of the Association shall be held on the anniversary date of the first annual meeting of each succeeding year, which date is not a legal holiday. If such date is a legal holiday, then the annual meeting shall be held on the day next following said date which is not a legal holiday. At such meetings there shall be elected by ballot of the Owners, a Board of Directors in accordance with the requirements of Article IV of these By-Laws. However, notwithstanding anything contained herein to the contrary, the first election of the Board of Directors by the owners shall not take place until eighteen (18) months after the filing of the Declaration of Covenants, Conditions and Restrictions or until thirty (30) days after all twelve (12) units have been sold to bona fide purchasers, whichever comes first. The owners may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings

It shall be the duty of the President to call a special meeting of the owners as well as directed by resolution of the Board of Directors or upon a petition signed by a majority of the owners after having been presented to the Secretary.

The notice of any special meeting shall state the time and place of such meeting and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5ths) of the owners present, either in person or by proxy.

Section 5. Notice of Meetings

It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at least five (5) days but not more than ten (10) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. Adjourned Meetings

If any meeting of Owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business

The order of business at all meetings of the owners shall be as follows:

- (a) Roll call
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading of minutes of preceding meeting
- (d) Reports of officers
- (e) Reports of committees
- (f) Election of inspectors of election
- (g) Election of directors
- (h) Unfinished business
- (i) New business

ARTICLE IV
BOARD OF DIRECTORS

Section 1. Number and Qualifications

The affairs of the Association shall be governed by a Board of Directors (herein referred to as Board of Directors), composed of five (5) persons all of whom must be owners of units in the Townhome Project, except that until such time as a Board of Directors shall be elected according to the provisions of Article III, Section 3, contained in the By-Laws, the affairs of the Association shall be governed by an Interim Board of Directors who need not be owners of units, composed of the following three (3) persons:

- (a) President
- (b) Vice President
- (c) Secretary

The interim Board of Directors shall have the same powers and duties enumerated in these By-Laws for the elected Board of Directors. The Grantor, Westfield Builders, LLC, shall have the authority to appoint the Interim Board of Directors, fill vacancies in such Interim Board of Directors and to remove at will, (with or without cause), the Interim Board of Directors until the first annual meeting.

Section 2. Other Duties

In addition to duties imposed by the Declaration, these By-Laws or by resolutions of the Association, the Board of Directors shall be responsible for the following:

- (a) Care, upkeep, and surveillance of the Townhome Project and the common areas and facilities and the limited common areas and facilities.
- (b) Collection of monthly assessments from the owners, and maintaining an adequate reserve for replacement fund.
- (c) Designation and dismissal of the personnel necessary for the maintenance and operation of the Townhome Project, the common areas and facilities and the limited common areas and facilities.
- (d) Designating by resolution the person or persons authorized to act on behalf of the Association in the maintenance, repair and replacement of the common areas and facilities.
- (e) To make and amend reasonable rules and regulations concerning the use of the Townhome project.

Section 3. Management Agent

The Board of Directors may, but shall not be required to, employ for the Association a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 2 of this Article.

Section 4. Election and Term of Office

At the first annual meeting of the Association, a Board of Directors shall be elected as follows:

- (a) **Nomination:** Nomination for election to the Board of Directors shall be made from the floor at the annual meeting.
- (b) **Election:** Election to the Board of Directors shall be secret written ballot. At such election the members of their proxy may cast in respect to each vacancy as many votes as they are entitled to exercise under the provisions of the Townhome Declaration. The person receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

At the first annual meeting of the Association, the term of office of two Directors shall be fixed for three (3) years. The term of office of two (2) more Directors shall be fixed at two (2) years and the term of office of the one (1) remaining Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successors shall be elected to serve a term of two (2) years. The Directors shall hold office for the respective terms and until their successors have been duly elected and hold their first meeting.

Section 5. Vacancies

Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

Section 6. Removal of Directors

At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause, by a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

Section 7. Organizational Meeting

The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 8. Regular Meetings

Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each Director, personally, by mail, or by telephone, at least three (3) days prior to the day named for such meeting.

Section 9. Special Meetings

Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally, by mail, or by telephone. Notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

Section 10. Waiver of Notice

Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent

to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him at the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Board of Director's Quorum

At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 12. Fidelity Bonds

The Board of Directors shall require that all officers and employees of the Association including management agent and its employees, handling or responsible for Association funds furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 13. Compensation of Directors and Officers

The Board of Directors and Officers shall receive such reasonable compensation, if any, as shall be approved by the majority of the owners. Otherwise, they shall serve without compensation, but shall be entitled to be reimbursed for actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

Section 14. Committees

The Board of Directors may, but shall not be required to, appoint an executive committee, and it may designate and appoint members to the standing committees, such as:

(a) A Recreation Committee which shall advise the Board on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;

(b) A Maintenance Committee which shall advise the Board on all matters pertaining to the maintenance, repair or improvement of the Townhome Project, and shall perform such other functions as the board, in its discretion, determines;

(c) A Publicity Committee which shall inform the members of all activities and functions of the Association, and shall, after consulting with the Board, make such public releases and announcements as are in the best interest of the Association; and

(d) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented the membership at it regular annual meeting. The Treasurer shall be an exofficio member of the Committee.

It shall be the duty of each committee to receive complaints on any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director, officer or management agent of the Association as is further concerned with the matter presented.

ARTICLE V **OFFICERS**

Section 1. Designation

The principal officers of the Association shall be;

- (a) President
- (b) Vice President
- (c) Secretary
- (d) Treasurer

All of whom shall be elected by and from the Board of Directors. The Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers

The officers of the Association shall be elected annually by the Board of Directors of the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers

Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President

The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of president of an Association, including, but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the Association.

Section 5. Vice President

The Vice President shall take the place of the President and perform the Presidents' duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary

The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings Association. The Secretary shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all of the duties incident to the office of Secretary.

Section 7. Treasurer

The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for the keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuables in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI
OBLIGATIONS OF THE OWNERS

Section 1. Assessments

All Owners are obligated to pay monthly assessments imposed by the Association to meet all of the Townhome Project's common expenses; as determined by the Board of Directors, which may include without limitation a liability insurance policy premium and any insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard; other insurance, adequate reserve for replacement fund, maintenance, management, utilities and other expenses necessary, incidental or convenient to the Townhome Project. The assessments shall be made prorata, as stipulated in the Declaration.

Section 2. Maintenance and Repair

(a) Every Owner must perform promptly all maintenance and repair work within his own Unit, which if omitted would affect the property in its entirety or in a part belonging to other Owners, being expressly responsible for the damages and liabilities that his failure to do so may engender;

(b) All the repairs of internal installation of the Unit such as water, light, gas, power, sewage, telephone, furnace, air conditioning and heating systems, hot water heating systems, sanitary installations, doors, windows, exterior envelope, lamps and all other accessories belonging to the Unit shall be at the Owner's expense.

(c) An Owner shall timely reimburse the Association for any expenditure incurred in repairing or replacing any common area and facility damaged through his fault.

Section 3. Use of Townhome Units – Internal Changes

(a) All Units shall be utilized for residential purposes only;

(b) An Owner shall not make structural modifications or alterations in his Unit or installations located therein without previously notifying the Association in writing, through the management agent, or through the President or the Board of Directors. The Association all have the obligation to answer within thirty (30) days and the failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 4. Use of Common Areas and Facilities and Limited Common Areas and Facilities.

An Owner shall not place or cause to be placed in the walkways, landings, or other Townhome Project areas and facilities of a similar nature both common and limited, any furniture, packages or objects of any kind. Such areas shall be used for no other purpose than for normal transit through them.

Section 5. Right of Entry

(a) An Owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association in case of any emergency originating in or threatening his Unit, whether the Owner is present at the time or not;

(b) An Owner shall grant the right to the Association or its representatives, when so required, to enter his Unit for the purpose of performing installations, alterations, or repairs, provided that requests for entry is at a time convenient to the Owner. In case of an emergency, such right of entry shall be immediate.

Section 6. Rules and Regulations

The Administrative Rules and Regulations are established for the mutual benefit, enjoyment and comfort of Owners and to further the successful operation of the Owners, their lessees and guests, as defined in the Declarations. Owners are responsible for the observance of these Rules and Regulations by the members of their household, their lessees and their guests.

(a) **Occupancy:** A Unit shall not be permanently occupied by more than one (1) family nor more than four (4) persons per Unit.

(b) **Exterior Installations:** Owners shall not install antennae or other external equipment, modification, decoration, signs, lighting, landscaping or otherwise that affect uniformity or aesthetics of the building.

(c) **Negligence:** An Owner shall be liable for the expense of any maintenance, repair or replacement made necessary by his negligent act or any that of any member of his family or his or their guests, employees, agents or lessees. Such liability shall include any increase in fire insurance rates caused by misuse or abandonment of a Unit or its appurtenances.

(d) **Attorney's Fees:** Any proceeding by the Association arising because of an alleged failure of an Owner to comply with the terms of the Declaration, By-Laws, or these Regulation, and as such documents are emended, shall entitle the Association to receive reasonable attorney's fees and court costs as may be awarded by the court.

(e) **Pets:** No animals, livestock or poultry of any kind shall be raised, bred, or kept in any Unit, except that reasonable numbers, consistent with a residence, of dogs, cats or other household pet may be kept provided that they are not kept, bred or maintained for any commercial purposes. The following rules, in addition to any others hereafter made by the Association, shall apply to the keeping of pets.

(1) No pets shall be allowed in the common areas or facilities unless on a leash held by the pet's owner or agent;

(2) No dog, cat, bird or other pet shall be kept by an Owner which pet make such noise or disturbances by barking or otherwise which unreasonably disturbs other Unit Owners;

(3) Each Owner shall immediately clean up and properly dispose any messes or droppings left by his pet on any part of the common area and facilities or the limited common areas and facilities;

(4) In no event shall any unit be used to keep any pet greater that twenty five (25) pounds in weight;

(5) In no event shall any unit be used to keep more that two (2) dogs, cats or other similar household pet or combination thereof and their offspring over (10) weeks old; and

(6) The Association shall have the power to enforce these provisions by levying fines and assessments for violation thereof and by requiring owners to dispose of pets which are a nuisance to the other owners or are being kept in numbers in excess of those hereby allowed. It is agreed that this provision is for the mutual benefit of all owners.

(f) **Keys:** A Passkey must be furnished by the owner to an officer of the Association or the management agent. If the lock is changed, a new passkey must be furnished.

(g) **Door Lock:** Replacement and additional locks may not be installed until one of the Officers of the Association or the management agent has been furnished with a key to all such locks so that entry to any Unit may be made during a emergency

(h) **Fire Hazard:** No items which may create a fire hazard shall be kept or used in any Unit or the common areas and facilities or the limited common areas and facilities.

(i) **Litter:** All litter in the common areas and facilities shall be placed in trash receptacles. All users of the common areas and facilities will clean up whatever common areas and facilities they use.

(j) **Parking:** Parking of vehicles on any street, driveway or thoroughfare located within the Townhome Project shall be restricted to the Owners and their invitees and only in designated areas provided. In no event shall a vehicle ever be parked in such a manner which will block ingress or egress to or from any part of the Townhome Project.

(k) **Guests:** Residents shall be strictly responsible for the instruction of their guests as to the provisions of these Rules and Regulations.

The foregoing administrative rules and regulations may be withdrawn or modified by affirmative vote of a majority of the Owners at a regular or special meeting. Additional administrative rules and regulations may be promulgated by the affirmative vote of a majority of the Owners of a regular meeting or a special meeting. Such administrative rules and regulations shall not take effect until thirty (30) days after adoption.

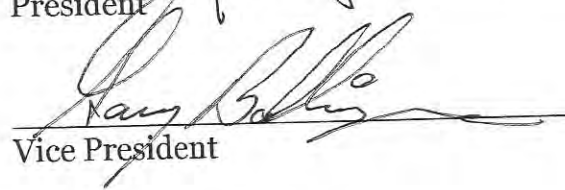
ARTICLE VIII **NO WAIVER OF RIGHTS**

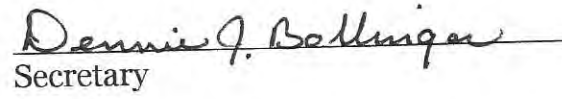
The omission or failure of the Association or any owner to enforce the covenants, conditions, restrictions, uses, limitations, easements, obligations or other provisions of the Declaration of Covenants, Conditions and Restrictions, By-Laws, or the Rules and Regulations adopted pursuant thereto shall not constitute or be deemed a waiver, modification, or release thereof, and the Board of Directors or the management agent shall have the right to enforce the same thereafter.

ARTICLE XI **COMPLIANCE**

These By-Laws are set forth to comply with the requirements of the Declaration of Covenants, Conditions and Restrictions, it is hereby agreed and understood that the provisions of the Declaration shall apply.


President


Vice President


Secretary