LAKEWOOD

RESERVATIONS, RESTRICTIONS AND COVENANTS

179186

THE STATE OF TEXAS }
COUNTY OF LEON }

That LAKEWOOD SHORES, INC., a Texas corporation, ("Developer"), havings its principal office in Madisonville, Madison County, Texas, being the owner of that certain tract of land which has heretofore been platted into that certain subdivision known as Lakewood, according to the plat of said subdivision recorded in the Office of the County Clerk of Leon County, Texas, on June 26, 1985, after having been approved as provided by law, and being filed under Clerk's File No. 179178, and recorded in Book 4 No. 158, Envelope 1658 of the Plat records of Leon County, Texas; and desiring to create and carry out a uniform plan and scheme for the improvement, development and sale of property in said Lakewood (hereinafter referred to as the "Subdivision") does hereby adopt, establish, promulgate and impress the following Reservations, Restrictions and Covenants, which shall be and are hereby made applicable to the Subdivision:

I.

Applicability 1.01 Each Contract, Deed or Deed of Trust which may be hereafter executed with respect to any property in the Subdivision shall be deemed and held to have been executed, delivered and accepted subject to all of the provisions of this instrument, including, without limitation, the Reservations, Restrictions, and Covenants herein set forth, regardless of whether or not any of such provisions are set forth in said Contract, Deed or Deed of Trust, and whether or not referred to in any such instrument.

Dedication 1.02 The streets and roads shown on said recorded plat are dedicated to the use of the public. The utility easements shown thereon are dedicated subject to the reservations hereinafter set forth.

1.03 For the purposes of these Restrictions and for the purpose of interpreting the provisions contained upon the plat of the Subdivision, the "front line" of each lot shall be the common boundary of such lot with a street, and in the case of a corner lot (with a common boundary on two streets or on one street and a cul-de-sac) the boundary which is shorter. The boundary of the lot opposite the front lot line shall be the "rear lot line" and all other lot lines shall be "interior lot lines" or "side lot lines."

Reservations 1.04a The Utility easements dedicated on the recorded plat or specified within this instrument are dedicated with the reservations that such utility easements are for the use and benefit of any public utility operating in Leon County, Texas, as well as for the benefit of the Developer and the property owners in the Subdivision to allow for the construction, repair, maintenance and operation of a system or systems of electric light and power, telephone lines, gas, water, sanitary sewers, storm sewers and any other utility or service which the Developer may find necessary or proper.

1.04b The title conveyed to any property in the Subdivision shall not be held or construed to include the title to the water, gas, electricity, telephone, storm sewer or sanitary sewer lines, poles, pipes, conduits or other appurtenances or facilities constructed by the Developer or public utility companies upon, under, along, across or through such public utility easements; and the right (but no obligation) to construct, maintain, repair and operate such systems, utilities, appurtenances and facilities is reserved to the Developer, its successors and assigns.

1.04c The right to sell or lease such lines, utilities, appurtenances or other facilities to any municipality, governmental agency, public service corporation or other party is hereby expressly reserved to the Developer.

1.04d The Developer reserves the right to make minor changes in and minor additions to such utility easements for the purpose of more efficiently serving the Subdivision or any property therein; any such change or addition to be effective by appropriate instrument recorded in the office of the County Clerk of Leon County, Texas.

1.04e When necessary or convenient for the installation and or maintenance of any utility system or systems, the Developer or any utility company making such installation in utility easements dedicated on the above mentioned plat or dedicated herein or hereafter created in the Subdivision may without liability to the owner of the land encumbered by such utlity easements, remove all or any trees and other vegetation within the utility easements. When necessary or desirable for the maintenance of such utility system or systems, Developer or a utility company may trim trees and shrubbery or roots thereof which overhang or encroach into such easements, without liability to the owner of such shrubbery or trees. When necessary or convenient for the installation and maintenance of any drainage easement, the Developer, Utility District or municipality making such installation or providing such maintenance may

without liability to the owner of the land encumbered by such drainage easement, remove all or any trees and other vegetation within the drainage easement, when necessary or desirable for the maintenance of such drainage easement Developer, Utility District or municipality may trim trees and shubbery or roots thereof which overhang or encroach into such easements, without liability to the owner of such shrubbery or trees.

1.04f Any utility easement shown on the recorded plat may be used as a drainage easement for the construction of drainage facilities but any such use shall not unreasonably interfere with the use of such easement for utilities. Any drainage easement shown on the recorded plat or specified within this instrument may be used as a utility easement upon the same terms as in 1.04(a) above but such use as a utility easement shall not interfere with the use of such easement for drainage purposes.

1.04g The Developer or any utility company may enter or cross any lot or lots to make improvements to existing drainage or utility easements as deemed necessary.

Duration

1.05 The provisions hereof, including the Reservation, Restrictions and Covenants herein set forth, shall run with the land and shall be binding upon the Developer, its successors and assigns, and all persons or parties claiming under it or them for a period of thirty-five (35) years from the date hereof, at which time all of such provisions shall be automatically extended for successive periods of ten (10) years each, unless prior to the expiration of any such period of thirty-five (35) years or ten (10) years, the then owners of a majority of lots in the Subdivision shall have executed and recorded an instrument changing the provisions hereof, in whole or in part, the provisions in said instrument to become operative immediately upon the execution and recording of such document by the majority of lot owners of the subdivision.

Enforcement

1.06 In the event of any violation or attempted violation of any of the provisions hereof, including any of the Reservations, Restrictions or Covenants herein contained enforcement shall be authorized by any proceedings at law or in equity against any person or persons violating or attempting to violate any of such provisions, including proceedings to restrain or prevent such violation or attempted violation by injunction, whether prohibitive in nature or mandatory in commanding compliance with such provisions; and it shall not be a prerequisite to the granting of any such injunction to show inadequacy of legal remedy or irreparable harm. Likewise, any person entitled to enforce the provisions hereof may recover such damages as such person has sustained by reason of the violation of such provisions. It shall be lawful for the Developer or for any person or persons owning property in the Subdivision to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any of such provisions.

Partial Invalidity

1.07 In the event that any portion of the provisions hereof shall become or be held invalid, whether by reason of abandonment, waiver, estoppel, judicial decision or otherwise, such partial invalidity shall not affect, alter or impair any other provision hereof which was not thereby held invalid; and such other provisions, including Restrictions, Reservations and Covenants shall remain in full force and effect, binding in accordance with their terms.

II.

Architectural Control

Basic Rule

2.01a No house, or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced, or changes made in the design thereof or any addition made thereto or exterior alteration made therein after original construction, on any property in the Subdivision until the obtaining of the necessary approval of the Architectural Control Authority (as hereinafter provided) of the construction plans and specifications and a plat showing the location of such building or other improvements. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument, quality of materials, harmony of external design with existing and proposed structures and location with respect to topography and finished grade elevation.

2.01b Each application made to the Architectural Control Authority (whether Developer or Architectural Control Committee) shall be accompanied by two sets of plans and specifications for all proposed construction to be done on such lot, including plot plans showing the location on the lot of the house, or other improvements, and dimensions of all proposed lots, driveways, curb cuts and all other matters relevant to architectural approval.

2.01c The Architectural Control Authority (whether Developer or Architectural Control Committee) shall have the power and authority to create, alter or amend building setback lines, utility easement lines, and requirements as to design of buildings and materials to be used in the construction thereof for any lot or lots within the Subdivision provided that such authority shall be exercised for the purpose of making the lot or lots so affected useful for the purpose for which they

were designed or for the purpose of harmonizing and making aesthetically attractive the Subdivision or the neighborhodd of the Subdivision in which the lots so affected are located, as such matters may be determined in the good faith judgment of the Authority.

Control Authority 2.02a The authority to grant or withhold architectural control approval as referred to above is vested in the Architectural Control Authority (hereinafter sometimes referred to as the "Authority") which Authority shall be the Developer; except, however, that such authority of the Developer shall cease and terminate upon the election or appointment of the Lakewood Architectural Control Committee, as provided in paragraph 2.02b below, in which event such authority shall be vested in and exercised by the Lakewood Architectural Control Committee hereinafter referred to, except as to plans and specifications and plats theretofore submitted to the Developer which shall continue to exercise such authority over all such plans, specifications and plats.

2.02b At such time as 51% of the lots in the subdivision have been sold by the Developer, then the Developer shall cause a Statement of such circumstances to be placed of record in the Deed Records of Leon County, Texas. Thereupon, the right to elect or appoint the members of the Architectural Control Committee shall pass to the Lakewood Homeowner's Association, Inc. which shall appoint or elect such members in conformity with the by-laws of such association.

Effect of Inaction 2.03 Approval or disapproval as to architectural control matters as set forth in the preceding provisions 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 plat submitted to it in compliance with the preceding provisions within thirty (30) days following such submission, such plans and specifications and plat shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded within compliance with all such plans and specifications and plat and all of the other terms and provisions hereof.

Effect of Approval 2.04 The granting of the aforesaid approval shall constitute only an expression of opinion whether by the Developer or the Committee, that the terms and provisions hereof shall be complied with if the house and/or other improvements are erected in accordance with said plans and specifications and plat; 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 house and/or improvements are not constructed in accordance with such plans and specifications and plat or in the event that such house and/or improvements are constructed in accordance with such plans and specifications and plat, but nevertheless, fail to comply with the provisions hereof. Further, no person exercising any prerogative of approval or disapproval shall incur any liability by reason of good faith exercise thereof. Exercise of any such prerogative by one (1) or more members of the Committee in their capacity as such shall not constitute action by the Developer after the election of such Committee members, notwithstanding that any such Committee member may be a Director of the Developer.

III.

Homeowner's Association

Authority 3.01a At such time as all of the lots in the Subdivision shall have been platted by the Developer, the Developer shall cause said plat to be placed of record in the Deed Records of Leon County, Texas. Thereupon, the Developer shall cause the Lakewood Homeowner's Association to be incorporated in the State of Texas and the Developer shall have the power to elect all members of the Board of Directors and to fill any vacancies occuring therein until the Developer has sold 51% of the lots in the Subdivision. The initial Board of Directors will cause bylaws to be adopted by which the Association will be governed.

3.01b The Board of Directors of the Lakewood Homeowner's Association, Inc. shall establish policies and regulations for use and maintenance of the park area, and any other assets hereafter obtained, and any other common grounds, within the Subdivision, and to present to the lot owners of the Subdivision any other plans or proposals that it deems to be in the best interest of the lot owners.

3.01c When the Lakewood Homeowner's Association has been incorporated in Texas, the Developer shall sell, convey, assign and set over to the Lakewood Homeowner's Association, Inc. title to the Park area, shown as Lot 48 on Subdivision plat, and Lake #1 area and Lake #2 area shown on Subdivision plat. The Developer assumes no liability of any kind in connection with the maintenance and upkeep, or otherwise, of the Park area and Lake #1 area and Lake #2 area.

3.01d Each and every person, persons or legal entity who shall own any lot in the Subdivision, shall automatically be a member of the Homeowner's Association, provided that any person or entity who holds such an interest merely as security for the performance of any obligation shall not be a member.

The Association shall have two classes of voting membership:

Class A members shall be all the members of the Association, with the exception of the Developer. Class A membership shall be entitled to one vote for each lot in the Subdivision in which they hold an interest required for membership by the Declaration or any supplemental Declaration. When more than one person holds such interest or interests in any such lot, all such persons shall be members and the vote for such lot shall be exercised as they among themselves determine, but, in no event, shall more than one vote be cast with respect to any such lot.

Class B members shall be the Developer. The Class B member shall be entitled to three votes for each lot in the Subdivision in which it holds the interest required for membership by the Declaration or any supplemental Declaration; provided that the Class B membership shall cease and become coverted to Class A membership when 51% of the lots in the Subdivision have been sold. From and after the happening this event, the Class B membership shall be deemed to be a Class A member entitled to one vote for each lot in the Subdivision in which it holds the interest required for membership by the Declaration or any supplemental Declaration.

IV.

Lakewood Water Supply Corporation

Authority

4.01a At such time as all of the lots in the Subdivision shall have been platted and filed in the Deed Records of Leon County, Texas by the Developer, the Developer shall cause the Lakewood Water Supply Corporation to be incorporated in the State of Texas and the Developer shall have the power to elect all members of the Board of Directors and to fill any vacancies occuring therein until the Developer has sold 51% of the lots in the Subdivision. The initial Board of Directors will cause bylaws to be adopted by which the Corporation will be governed.

4.01b The Board of Directors of the Lakewood Water Supply Corporation shall establish policies and regulations for use and maintenance of the water system, and any other assets hereafter obtained.

4.01c When the Lakewood Water Supply Corporation has been incorporated in Texas, the Developer shall sell, convey, assign and set over to the Lakewood Water Supply Corporation title to the water system to be constructed to service Lakewood and the real property, shown as Lot 88 on the Subdivision plat, upon which the system is located and shall further assign and set over to the Lakewood Water Supply Corporation any contracts, agreements and financial obligations or arrangements entered into by the Developer in order to construct and maintain the water system. The Developer assumes no liability of any kind in connection with the maintenance and upkeep, or otherwise, of the water system or the real property connected therewith.

4.01d Each and every person, persons or legal entity who shall own any lot in the Subdivision, including the Developer, shall automatically be a member of the Lakewood Water Supply Corporation, provided that any person or entity who holds such an interest merely as security for the performance of any obligation shall not be a member. Each and every person, persons or legal entity who shall be voted into membership by the Board of Directors shall be a member of the Lakewood Water Supply Corporation.

4.01e The water tap fee and the monthly water fee as set out by the Board of Directors shall not, without the consent of the Developer, apply to lots owned by the Developer as long as the Developer is holding said lot, or lots, for resale; however, upon the Developer, or any other person or persons taking possession of any lot for the purpose of occupancy, renting or leasing the lot, Developer shall consent to the assessment of the water tap fee and the monthly water fees as any other occupant. There shall be no water usage on any lot, including those lots owned by the Developer, until the lot owner has paid the water tap fee and is subject to the monthly water fees. Water taps are being installed for each lot at the time the water distribution system is constructed. The Developer shall be reimbursed from the Lakewood Water Supply Corporation an amount equal to 50% of the water tap fee charged to each purchaser of a lot within Lakewood Subdivision at the time said water tap fee is collected from purchaser.

4.01f At such time as the Board of Directors shall vote into membership any person, persons or legal entity occupying property outside of the Lakewood Subdivision, any requirements for said extension of service shall be financed entirely by such person, persons or legal entity. Such person, persons, or legal entity shall be subject to a water tap fee and a monthly water fee for each service requested, no less than that paid by any resident of Lakewood Subdivision and shall be due and payable as set out by regulations approved by the Lakewood Water Supply Corporation Board of Directors. However, if said extension of service is made to ten or more taps by a developer of residential lots for resale, the water tap fee and the monthly water fee as set out by the Board of Directors shall not, without the consent of the developer, apply to lots owned by the developer as long as the developer is holding said lot, or lots, for resale; however, upon the developer, or any other person or persons taking possession of any lot for the purpose of occupancy, renting or leasing the lot, developer shall consent to the assessment of the water tap fee and the monthly water fees as any other occupant. There shall be no water

usage on any lot, including those lots owned by a developer, until the lot owner has paid the water tap fee and is subject to the monthly water fees. If the Board of Directors require, or if the developer consents voluntarily, to install water taps for each lot at the time the water distribution system is constructed, the developer shall be reimbursed from the Lakewood Water Supply Corporation an amount equal to 50% of the water tap fee charged to each purchaser of a lot at the time said water tap fee is collected from purchaser.

V.

Park

5.01 There is shown on the aforesaid recorded plat a certain area designated as "Park." No conveyance of any lot in the Subdivision shall be held or construed to include title to or any right or interest in the Park area.

5.02 Developer reserves the right, but has no obligation or duty to plan, clear and landscape all or any part of the Park; to construct and maintain pathways, driveways, boat ramp, parking area, etc. thereon; and to use the Park area generally for doing any other thing necessary or desirable in the opinion of the Developer, directly or indirectly, to maintain or improve the Subdivision. Owners of all lots within the Subdivision may have use in common, one to each other, in using the Park area and improvements located thereon according to the policies and regulations as may be established by the Lakewood Homeowner's Association from time to time. The decision of the Lakewood Homeowner's Association with respect to the uses which may be made or permitted from time to time of the Park shall be final, so long as made in good faith.

5.03 The maintenance fees as provided for within this Subdivision may be used to pay tax assessments, improve and/or maintain this Park in any manner as determined by the Developer and/or Lakewood Homeowner's Association, or for any other expenses of this Park.

VI.

Lakes

6.01 There are shown on the aforesaid recorded plat two certain areas designated as "Lake #1" and "Lake #2." No conveyance of any lot in the Subdivision shall be held or construed to include title to or any right or interest in the area shown as Lake #1 and Lake #2.

6.02 Developer reserves the right, but has no obligation or duty to construct Lake #1 and Lake #2 and to use the lake areas generally for doing any other thing necessary or desirable in the opinion of the Developer, directly or indirectly, to maintain or improve the Subdivision. Owners of all lots within the Subdivision may have use in common, one to each other, in using the lake areas according to the policies and regulations as may be established by the Lakewood Homeowner's Association from time to time. Easements surrounding Lake #1 and Lake #2 areas dedicated on the recorded plat are dedicated with the reservations that such easements are for the use and benefit of the Lakewood Homeowner's Association, or designee, for maintenance purposes. The decision of the Lakewood Homeowner's Association with respect to the uses which may be made or permitted from time to time of the areas shown as Lake #1 and Lake #2 on the plat shall be final, so long as made in good faith.

6.03 The maintenance fees as provided for within this Subdivision may be used to pay tax assessments, improve and/or maintain the areas shown as Lake #1 and Lake #2 in any manner as determined by the Developer and/or Lakewood Homeowner's Association, or for any other expenses of the areas shown as Lake #1 and Lake #2.

VII.

General Restrictions

7.01 All lots included in the Subdivision are residential lots and shall be used for that purpose only. Only single family houses may be constructed thereon, and buildings incidential thereto. No mobile homes or trailers of any type shall be placed upon the property, either temporarily or permanently.

7.02 No houses, or buildings of any type, shall be located on any lot nearer to the front of the lot (as defined hereinabove) than twenty-five (25) feet. No house, or buildings of any type shall be located nearer than twenty-five (25) feet to any lot line which adjoins a street or lane. For the Purposes of this covenant, eaves, steps and unroofed terraces shall not be considered as part of a building, provided, however, that this shall not be construed to permit any portion of the construction on a lot to encroach upon another lot.

7.03 The plat identified and referred to above creating the Subdivision designates building setback lines in conformity with the foregoing provisions. If necessary or desirable in order to make any lot useful for the purpose for which it was designed, or if necessary or desirable for the purpose of harmonizing and making aesthetically attractive the Subdivision or the neighborhood of the Subdivision

in which the affected lots are located, the Architectural Control Authority shall have the power and authority to alter or amend the building setback lines, as such matters may be determined in the good faith judgment of the Architectural Control Authority.

7.04 No house, or buildings of any type, may be built upon any utility easement or drainage easement.

7.05 There is a five foot wide anchor and guy easement extending twenty (20') feet beyond any utility easement or public right-of-way when and where necessary for guys and anchors to support overhead utility lines.

7.06 Any owner of one or more adjoining lots (or portions thereof) may consolidate such lots or portions into one building site, with the privilege of placing or constructing improvements on such resulting site. Adjoining lots may not be consolidated into a composite building site where the construction of a house, or other approved building would encroach on an easement area, dedicated by the plat or these restrictions that presently contains utility facilities or is designated to contain utility facilities unless such easement shall have been abandoned by all utilities or other agencies entitled to the use thereof and by Leon County, Texas. Any such composite building site must have a frontage at the building set-back line of not less than the minimum frontage of lots in the same area. Any modification of a building site (changing such building site from a single lot building site to a multiple lot building site) may be made only with the prior written approval of the Architectural Control Authority. Upon any such required approval having been obtained, such composite building site shall thereon be regarded as a "lot" for all purposes hereunder, except, however, that for purposes of voting, an owner shall be entitled to one (1) vote for each whole lot within such owner's building site.

7.07 All lots in the Subdivision shall be used as set out hereinabove. No noxious or offensive activity of any sort shall be permitted, nor shall anything be done on any lot which may be or become an annoyance or nuisance to the neighborhood. No lot in the Subdivision shall be used for any commercial, business or professional purposes nor for church purposes.

7.08 No structure of a temporary character, trailer, camper, vehicle, basement, tent, shack, garage, barn or other outbuilding, shall be used on any lot at any time as a residence, either temporary or permanent, except that a field office, as hereinafter provided, may be established.

Until the Developer has deeded to third parties all other lots in Lakewood (and during the progress of construction of residences in the Subdivision), one or more temporary field offices for sales and related purposes may be located and maintained by the Developer (and/or its sales agents). The location of such field office or offices may be changed from time to time as lots are sold. The Developer's right to maintain such field office or offices (or permit same to be maintained) shall cease when all lots in Lakewood except the lot upon which said field office or offices are located have been deeded to third parties, as aforesaid by Developer.

7.09 The heated area of the main residential structure (exclusive of open porches, screened porches, stoops, and garages) shall be no less than 1000 square feet.

7.10 No animals, livestock, or poultry of any kind shall be raised for commercial use. Each tract shall be allowed one animal unit per acre or fraction of an acre. One animal unit is defined as: 1 cow = 1 animal unit; 1 horse = 1 animal unit; 1 sheep or goat = 1/2 animal unit. Under no circumstances shall swine be permitted. All animals must be confined on lot of its owner.

7.11 Dogs, cats or other common household pets may be kept as household pets provided they are not kept, bred or maintained for commercial purposes and provided they do not constitute a nuisance and do not, in the sole judgment of the Architectural Control Authority constitute a danger or potential or actual disruption of other lot owners, their families or guests. All household pets must be confined on lot of its owner, and shall not, under any circumstances, be allowed to run at large within the Subdivision.

7.12 No wall, fence, planter, hedge, etc., within twenty-five (25') of any property line adjoining a street or lane shall be erected or placed or the erection or placing thereof commenced, or changes therein after original construction, on any property in the Subdivision until obtaining of the necessary approval of the Architectural Control Authority.

7.13 All lots shall be kept at all times in a sanitary, healthful and attractive condition, and the owner or occupant of all lots shall keep all weeds and grass thereon cut and shall in no event use any lot for storage of material or equipment except for normal residential requirements or incident to construction of improvements thereon as herein permitted, or permit the accumulation of garbage, trash or rubbish of any kind thereon. All clothes lines, yard equipment or storage piles shall be kept screened by a service yard, drying yard or other similar facility as herein otherwise provided, so as to conceal them from view of neighboring lots, streets or other property.

In the event of default on the part of the owner or occupant of any lot in observing the above requirements or any of them, such default continuing after ten (10) days written notice thereof, the Architectural Control Authority may, without liability to the owner or occupant in trespass or otherwise, enter upon (or authorize one or more others to enter upon) said lot, and cause to be cut, such weeds and grass, and remove or cause to be removed such garbage, trash and rubbish or do any other thing necessary to secure compliance with these restrictions, so as to place said lot in a neat, attractive, healthful and sanitary condition, and may charge the owner or occupant of such lot for the reasonable cost of such work and associated materials. The owner or occupant, as the case may be, agrees by the purchase or occupation of the property to pay such statement immediately upon receipt thereof.

7.14 Before initial residential occupancy, no sign, advertisement, billboard or advertising structure of any kind may be erected or maintained on any lot in the Subdivision without the prior approval of the Architectural Control Authority, and any such approval which is granted by the Architectural Control Authority may be withdrawn at any time by the Architectural Control Authority (upon notice of not less than five (5) days) thereupon the Architectural Control Authority may remove same. Any sign must be approved by the Architectural Control Authority and be located on the front center of the lot and a maximum of one sign shall be on the lot. After initial residential occupancy of improvements on any particular lot in the Subdivision, no sign, advertisement, billboard or advertising structure of any kind other than a normal "for sale" sign, applicable to such lot alone, approved by the Architectural Control Authority as to design may be erected or maintained on such lot. The location of any sign shall be on the front center of the lot and a maximum of one sign shall be on the lot.

The Architectural Control Authority shall have the right to remove and dispose of any such prohibited sign, advertisement, billboard or advertising structure which is placed on any lot, and in so doing shall not be subject to any liability for trespass or other tort in connection therewith or arising from such removal and shall not in any way be liable for any accounting or other claim by reason of the disposition thereof.

7.15 The digging of dirt or the removal of any dirt from any lot is expressly prohibited except as necessary in conjunction with the landscaping of or construction on such lot. No trees shall be cut or removed except to provide room for construction of improvements or to remove dead or unsightly trees.

7.16 No lot or other portion of the Subdivision shall be used or permitted for hunting or for the discharge of any pistol, rifle, shotgun, or any other firearm, or any bow and arrow or any other device capable of killing or injuring.

7.17 Driveways shall be constructed entirely of concrete or asphalt or iron ore or shell or another all-weather material approved by the Architectural Control Authority.

7.18 No obstruction of any kind shall be permitted in any drainage ditch within the Subdivision; without limiting the generality of the foregoing, no culvert shall be installed or permitted in any drainage ditch unless the size thereof and the grade shall have first been approved in writing by the Architectural Control Authority.

7.19 No outside toilets will be permitted, and no installation of any type device for disposal of sewage shall be allowed which would result in raw or untreated or unsanitary sewage being carried into any water body. No septic tank or other means of sewage disposal may be installed unless approved by the Brazos River Authority and/or the Architectural Control Authority.

7.20 Only such outbuildings shall be erected upon a lot reflected upon the Subdivision plat as shall be incidental to house as shall have been approved by the Architectural Control Authority prior to the start of construction.

7.21 No lot reflected upon the Subdivision plat shall be subdivided in any form or fashion.

VIII.

Special Restrictions

8.01 In addition to the general restrictions as set forth in Article VII above, the following restrictions shall be applicable to all lots.

8.01a All plans and specifications of houses to be constructed upon a lot in this Subdivision must be approved by the Architectural Control Authority for its appearance and must generally conform to other houses within the Subdivision and provide a pleasing and attractive appearance.

8.01b The Architectural Control Authority shall be the sole and final authority to approve or reject any house and any owner of a lot wishing to construct a house on a lot hereby agrees to accept the decision of the Architectural Control Authority as final regardless of how the owner acquired title to the property.

8.01c In order to maintain the general appearance of the Subdivision, the exterior of a house and any outbuildings approved by the Architectural Control Authority must be completely finished within six months after beginning construction including but not necessarily limited to foundation, roof installed, cornice, siding, parapet walls, porches, steps, exterior doors, windows, screens and painting unless prevented by acts of God, labor strikes or any other condition or circumstance beyond the control of the lot owner. In addition, a driveway meeting the requirement as set out above and culverts meeting the requirement as set out above must be completed prior to or simultaneously with the construction of the house. In addition, in order to insure the sanitary healthful and environmental aspects of the Subdivision, all utilities (water and sewer) must be constructed, connected and ready for service and all plumbing must be completed in the interior of the house including but not limited to pipes, valves, vents, stacks, water closets, tubs or showers, bath and kitchen sinks, interior and exterior water spigots and stop and waste prior to or simultaneously with the construction of the house. The Architectural Control Authority reserves the right to change the length of time allowed for completion from time to time at its discretion.

8.01d There is to be within the Subdivision a Water System for the use and enjoyment of each lot owner which is owned by the Lakewood Water Supply Corporation. At the time the lot is sold, the purchaser shall pay to the Lakewood Water Supply Corporation the sum of $300.00 for a water tap fee to help defray the cost of construction and/or maintenance of the Water System. In the event that it is not against the rules or regulations of the appropriate government authorities, the Purchaser agrees to pay a minimum monthly fee thereafter regardless of whether any water is used in that particular month by the Purchaser. The Purchaser agrees to pay the greater of the minimum monthly water fee or the fee as determined by the amount of water that he uses for a particular month. Where a lot is subject to a contract for sale, the monthly water charge shall be paid by the Purchaser as condition thereunder. Any transfer of lot without payment of the water charge then due shall be subject to a lien for such amount plus an additional delinquency charge of ten (10%) percent per annum added to any charges that are more than thirty days delinquent. By acceptance of contract for sale, deed or other instrument of conveyance, each lot owner agrees and consents to the monthly water charge and to the lien created for non-payment thereof. Such lien shall be fixed by recordation in the Official Public Records of Leon County, Texas, of an Affidavit duly executed, sworn to and acknowledged by an officer of the Lakewood Water Supply Corporation, setting forth the amount owed, the lot owner liable for such amount and the legal description of the lot. If the monthly water charge is not paid, the Corporation may bring an action at law against the lot owner personally obligated to pay the same or foreclose the lien against the property and interest, costs and reasonable attorneys fees of any such action shall be added to the amount of the assessment and/or it may discontinue the water service to the lot until all past due amounts are tendered. Each lot owner by the acceptance of a deed to a lot or the execution of a contract for sale, hereby expressly vests in the Lakewood Water Supply Corporation, or its agent, the right and power to bring all actions against the lot owner personally for the collection of such monthly water charge as a debt and to enforce the said lien by all methods available for the enforcement of such lien, including foreclosure by action brought in the name of the Lakewood Water Supply Corporation, in like manner of a mortgage or deed of trust lien on real property, and each lot owner expressly grants to the Lakewood Water Supply Corporation the power of sale of said lien. There is no restriction intended to prohibit any lot from having a private well, but in doing so, in no way shall it relieve said lot owner of his liability from payment of the water tap fee or the minimum monthly water charge whether any water is used in the particular month by the Purchaser.

8.01e There are within the Subdivision lots that adjoin the boundaries of Lake Limestone. Fee title to these lots will be to the 363' mean sea level. Normal operating level of the lake is 363 feet above mean sea level. Between elevation 363' mean sea level and elevation 366' mean sea level is a "Restricted Building Area" and between elevation 366' mean sea level and 370' mean sea level is a "Build at Your Own Risk Area." The Brazos River Authority has the right to flood, overflow and inundate (temporarily from time to time) with water impounded by or the flow of water which is retarded by the Sterling C. Robinson Dam (or whatever name the dam may be called) which has been built by the Brazos River Authority on the Navasota River in Leon, Robertson and Limestone Counties, the restricted areas of all lots adjoining the boundaries of Lake Limestone. The Brazos River Authority shall never be liable to the owner of any portion of the restricted area for damage of any kind to said tract or anything located thereon caused by impoundment or retardation of flow of water by the said dam. No structures of any kind, other than fences, roads and similar structures and other than boat houses, boat docks, boat launching facilities and other similar structures, as may be permitted by the Brazos River Authority under policies which may be established and administered by the Brazos River Authority, shall be permitted upon any portion of the restricted area located below elevation 366 feet above mean sea level. The Brazos River Authority is allowing property owners to increase the elevation of lots subject to flood easement, and is not prohibiting building on that portion of their lot, but the property owner cannot by filling change the terms of the easement affecting the area filled. Waters impounded by the said dam and covering any part of said

tract at any time shall be open to the public. Brazos River Authority's employees and agents shall be permitted to come upon the restricted areas of all lots adjoining the boundaries of Lake Limestone and to bring machinery and equipment thereon as reasonable and necessary in connection with the construction, operation and maintenance of the said dam and the lake which is created by the said dam.

8.01f Lots within the Subdivision that adjoin the boundaries of Lake Limestone may have a shoreline erosion problem. Each lot owner of a lot that adjoins the boundaries of Lake Limestone shall, within a period of twelve (12) months after purchase, stabilize the shoreline through bulkheading, or otherwise, to keep any of the land or soil of that lot from being washed away. The Architectural Control Authority shall be the sole and final authority to determine whether erosion of the lot necessitates stabilizing.

IX.
Maintenance Fund

9.01 Each lot (or residential building site) in the Subdivision shall be and is hereby made subject to an annual maintenance charge, except as otherwise hereinafter provided.

9.02 The maintenance charge referred to shall be used to create a fund to be known as the "Maintenance Fund;" and each such maintenance charge shall (except as otherwise hereinafter provided) be paid by the owner of each lot (or residential building site), monthly, in advance, on or before the first day of each month.

9.03 The maintenance charge shall initially be Five Dollars ($5.00) per month unless and until such charge is hereafter changed, however, at no time shall the maintenance charge exceed Twenty-Five Dollars ($25.00) per month. The maintenance charge may be changed from time to time by the Developer in good faith upon a determination substantiated by the records of the Developer demonstrating a need for an increase in the maintenance charge to pay for increased maintenance costs, and shall be the amount determined by the Developer during the month preceding the due date of said maintenance charge. The records of the Developer that substantiate such need for an increase in the maintenance charge shall be available for inspection by all lot owners at the offices of GMC Properties, Inc. (agent for the Developer) at Route 1, Box 43-C, Jewett, Texas 75846 (214-626-4192 - 626-4614) by appointment and such records shall be maintained for inspection for twelve (12) months after such increase is initiated. All other matters relating to the assessment, collection, expenditure and administration of the Maintenance Fund shall be determined by the Developer.

9.04 The maintenance charge shall not, without the consent of the Developer, apply to lots owned by the Developer or owned by any person, firm, association or corporation engaged primarily in the building and construction business which has acquired title to any such lots for the sole purpose of constructing improvements thereon and thereafter selling such lots; however, upon any such sale of such lots by such person, firm, association or corporation to a purchaser whose primary purpose is to occupy and/or rent and/or lease such lot (and improvements thereon, if any) to some other occupant, then the maintenance charge shall thereupon be applicable to such lot; and the Developer hereby consents to the applicability of the maintenance charge to each such lot under the circumstances herein stated. Any transfer of title to any lot by any such person, firm, association or corporation engaged primarily in building and construction business to a transferee engaged primarily in the building and construction business shall not result in the applicability of the maintenance charge to such lot owned by the transferee or any succeeding transferee primarily engaged in the building and construction business without the consent of the Developer, unless such transfer is for the purpose of occupancy, renting or leasing the lot. The Developer reserves the right at all times, in his own judgment and discretion, to exempt any lot in the Subdivision from the maintenance charge, and the exercise of such judgment and discretion when made in good faith shall be binding and conclusive on all persons and interests. Developer shall maintain at the offices of GMC Properties, Inc. (agent for the Developer) at Route 1, Box 43-C, Jewett, Texas 75846 (214-626-4192 - 626-4614) records reflecting all those lots which have been exempted from the maintenance charge described in Article IX herein. Inspection can be made of these records by a lot owner by appointment. Such records shall be maintained for inspection for twelve (12) months after the exemption is made. The Developer shall have the further right at any time to discontinue or abandon such maintenance charge, without incurring liability to any person whosoever by filing a written instrument in the office of the County Clerk of Leon County, Texas, declaring any such discontinuance or abandonment.

9.05 The maintenance charge collected shall be paid into the Maintenance Fund to be held and used for the benefit, directly or indirectly, of the Subdivision; and such Maintenance Fund may be expended by the Developer for any purposes which, in the judgment of the Developer will tend to maintain the property

values in the Subdivision, including, but not by way of limitation: providing for the enforcement of the provisions of this instrument, including the aforesaid Reservation, Restrictions and Covenants; paying tax assessments, maintaining the entry way of the Subdivision; maintaining road right-of-ways by mowing and trash pickup, etc.; and for doing any other thing, necessary or desirable in the opinion of the Developer to maintain or improve the property or the Subdivision. The use of the Maintenance Fund for any of these purposes is permissive and not mandatory, and the decision of the Developer with respect thereto shall be final, so long as made in good faith.

9.06 All sums assessed for maintenance charges as provided for herein but unpaid, shall together with interest and cost of collection including attorneys fees, become a continuing lien and charge on the lot covered by such assessment, which shall bind and be a continuing charge upon such lot. This lien shall be superior to all other liens and charges against such lot except for tax liens, liens for purchase money and for the financing of improvements on said lot, which liens for such purposes shall be superior to the maintenance lien herein provided with the understanding that the maintenance assessments subsequent to a foreclosure of such a superior lien shall continue to bind the mortgaged property and be secured by a maintenance lien as herein provided. The Developer or the Homeowner's Association, when the control of the maintenance charges and fund have been turned over to the Association, shall have the power to subordinate the maintenance lien to any other lien, such power being entirely within the discretion of the Developer and/or Association. To evidence the maintenance lien, the Association and/or Developer shall prepare a written notice of maintenance lien setting forth the amount of the unpaid indebtedness, the name and owner of the lot covered by such lien and description of the lot. Such notice shall be signed by one of the officers of the Association or Developer and shall be recorded in the office of the County Clerk of Leon County, Texas. Such lien shall attach in the priorities set forth above from the date that such payment is delinquent as set forth herein and may be inforced by foreclosure of the defaulting owner's lot by the Association or Developer in like manner as a mortgage on real property, subsequent to the recording of a notice of assessment lien as provided above, or the Association and/or Developer may institute suit against the owner personally for collection of the maintenance charge. In any foreclosure proceeding, whether judicial or nonjudicial, the owner shall be required to pay the cost, expenses and reasonable attorneys fees incurred by the Association and/or Developer. Where a lot is subject to a contract for sale, the maintenance charge shall be paid by the purchasers as a condition thereunder.

9.07 These provisions as to the maintenance charge and Maintenance Fund shall continue in effect unless changed in the manner and at the time inabove set forth.

9.08 At such time as 51% of the lots shall have been sold by the Developer, the Maintenance Fund, its management and control shall be turned over to the Lakewood Homeowner's Association, Inc. for administration.

X.

Transfer of Functions of the Developer

10.01 The Developer may at any time hereafter transfer to any corporation the duties and prerogative of the Developer hereunder (including, without limitation, matters relating to maintenance charges and the Maintenance Fund).

Any such delegation of authority and duties shall serve to automatically release the Developer from further liability with respect thereto and vest such duties and prerogatives in such assignee corporation. Any such delegation shall be evidenced by an instrument amending this instrument, placed of record in the Deed Records of Leon County, Texas, and joined in by the Developer and the aforesaid assignee corporation but not, however, requiring the joinder of any other person in order to be fully binding, whether such other person be an owner of property in the Subdivision, a lien holder, mortgagee, Deed of Trust beneficiary or any other person.

Binding Effect

All of the provisions hereof shall be covenants running with the land thereby affected. The provisions hereof shall be binding upon and inure to the benefit of the owners of the land affected and the Developer and their respective heirs, executors, administrators, successors and assigns.

EXECUTED this 13th day of JUNE, 1985.

LAKEWOOD SHORES, INC.

R. E. Samuel, Jr., President

ATTEST: LAKEWOOD SHORES, INC.

Mary McCoy, Assistant Secretary

STATE OF TEXAS }
COUNTY OF MADISON }

BEFORE ME, the undersigned authority on this day personally appeared R. E. SAMUEL, JR., President of LAKEWOOD SHORES, INC., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 13th day of June, 1985.

Notary Public in and for the State of TEXAS
JOHN R. BANKHEAD
My commission expires: 5/31/88

THE STATE OF TEXAS }
COUNTY OF LEON }

I HEREBY CERTIFY that the foregoing instrument of writing with its certificate of authentication was filed for record in my office on the 26th day of June, A.D. 1985, at 3:15 o'clock P M., and was duly recorded by me on the 2nd day of July, A.D. 1985 in Vol. 603 page 52, of the Official Records of said County.

WITNESS MY HAND and the seal of the County Court of said County, at my office in Centerville, Texas, the day and year last above written.

By Margaret Wells Deputy

FONSEIN GRESHAM
County Clerk Leon County, Texas

CAC, Inc.—1284-SM-15-8216