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AMENDED AND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HARBOR LAKES  
(WITH JOINDER OF CURRENT OWNERS)

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HARBOR LAKES (WITH JOINDER OF CURRENT OWNERS) (the "Restated Declaration") is made on the date hereinafter set forth by Lumbermen's Investment Corporation, a Delaware corporation, hereinafter referred to as the "Declarant" and the Current Owners (as hereinafter defined).

WITNESSETH

WHEREAS, on December 28, 2000, Declarant caused to be recorded in Volume 1726, Page 0001 of the Real Property Records of Hood County, Texas, that certain Declaration of Covenants, Conditions and Restrictions for Harbor Lakes dated December 27, 2000 (the "Original Declaration") covering the real property described in Exhibit "A-1" which is attached hereto and incorporated herein for all purposes (the "Original Property");

WHEREAS, since the recording of the Original Declaration, Declarant has sold three (3) Affected Lots (hereinafter described) that were a part of the Original Property to the Current Owners, such Affected Lots being described in Exhibit "A-2", which is attached hereto and incorporated herein for all purposes (hereinafter referred to as the "Sold Lots");

WHEREAS, Declarant, being the owner of the Original Property, other than the three (3) Sold Lots, pursuant to Article IX of the Original Declaration, desires to annex and subject additional property more particularly described on Exhibit "A-3", attached hereto and incorporated herein (the "Additional Property") to the terms of the Original Declaration, as amended and restated by this Restated Declaration;

WHEREAS, Declarant, with the consent and joinder of the Current Owners, desire to amend and restate the Original Declaration in its entirety to provide, among other matters, a third class of membership to use the Swim Club Facilities (as hereinafter defined) with the existing Class A and Class B Members and to provide for a method of assessments for such new class of members (the "Non-Resident Members").

WHEREAS, Declarant desires to create an exclusive planned community known as Harbor Lakes of which the Affected Lots are a part and such other land as may be added thereto pursuant to the terms and provisions of this Declaration;

NOW, THEREFORE, the Declarant declares with the joinder and consent of the Current Owners of the Sold Lots that the Original Declaration is hereby amended and restated in its entirety, that the Additional Property is hereby added to and subjected to all of the terms of this Restated Declaration and that the Affected Lots shall be held, sold and conveyed subject to the restrictions, covenants and conditions declared below, all of which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Affected Lot and other portions of the Property (hereinafter described) in order to maintain within the Property a planned community of high standards.

All of such covenants shall be binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof. The Current Owners hereby join Declarant in this Restated Declaration and covenant and irrevocably agree that their respective Sold Lots shall be held, transferred and owned subject to the terms and conditions of this Restated Declaration and all such covenants shall be binding upon the Current Owners and their respective heirs, personal representatives, successors and assigns and shall inure to the benefit of each subsequent Owner of a Sold Lot.

## ARTICLE I DEFINITIONS

Section 1. "Property" shall mean and refer to the Original Property described in Exhibit "A-1", the Sold Lots described in Exhibit "A-2", the Additional Property described in Exhibit "A-3" and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to this Restated Declaration.

Section 2. "Association" shall mean and refer to the Harbor Lakes Homeowners Association, Inc., a Texas not-for-profit corporation established for the purpose set forth herein.

Section 3. "Lot" shall mean and refer to any plot of land indicated upon any recorded subdivision map of the Property or any part thereof creating single-family homesites, with the exception of the Common Area and areas deeded to a governmental authority or utility, together with all improvements thereon.

Section 4. "Affected Lot" shall mean and refer to those Lots now existing on the Property or such lots that are hereafter added to the membership of the Association from time to time as allowed by this Restated Declaration.

Section 5. "Unit" shall mean and refer to any residential dwelling situated upon any Lot.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Affected Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 7. "Declarant" shall mean and refer to Lumbermen's Investment Corporation, a Delaware corporation, its successors and assigns who are specifically designated as the successor-in-interest to the Declarant in writing by the Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

Section 8. "Common Areas" shall mean and refer to (i) the wall(s) and landscaping, as shown on any recorded subdivision map of the Property or any part thereof, (ii) that portion of the property hereinafter depicted as the "Swim Club" by the Declarant and recorded in the Real Property Records of Hood County, Texas, and all related fixtures, machinery, equipment, appliances and utility facilities now or hereafter installed therein or attached thereto and (iii) any and all entry features and entrance monuments, (iv) waterways and canals (regardless of whether or not the Association owns such waterways), sea walls, bulkheads, boat ramps and boat ramp areas, and (v) all other property hereafter

~~designated by the Declarant as "Common Areas". The concept of Common Areas will also include:~~ (i) any and all public right-of-way lands for which the City of Granbury or any other governmental authority has required that the Association expend private, non-reimbursable time and monies to care for and maintain, such as but not limited to: streets, street medians, street scape, canals, waterways, sea walls, bulkheads, boat ramps, and boat ramp areas and quasi-governmental service facilities; and (ii) any and all facilities provided by the Association to or for the benefit of the local police, fire and similar governmental departments for which no reimbursement via public funds is requested or anticipated.

Section 9. "Common Maintenance Areas" shall mean and refer to the Common Areas and the entrance monuments, drainage facilities, detention ponds, right-of-way landscaping, canals, waterways, sea walls, bulkheads, boat rams and such other areas lying within dedicated public easements or right-of-way as deemed appropriate by the Board of Directors of the Association for the preservation, protection and enhancement of the property values and the general health, safety or welfare of the Owners.

Section 10. "Restated Declaration" shall mean and refer to this Amended and Restated Declaration of Covenants, Conditions and Restrictions for Harbor Lakes, and any amendments, annexations and supplements thereto made in accordance with its terms.

Section 11. "Non-Resident Members" shall mean those individuals and their immediate family that: (i) are neither Class A nor Class B Members; (ii) are full members of the Golf Club; (iii) have been designated by the owner of the Harbor Lakes Golf Club to be Non-Resident Members of the Association; and (iv) are qualified hereunder and under the Bylaws and Rules and Regulations of the Association to be Non-Residential Members of the Association.

Section 12. "Golf Club" shall refer to the Harbor Lakes Golf Course located within or immediately adjacent to the Harbor Lakes Subdivision.

Section 13. "Swim Club Facilities" shall mean the swimming pool, amenity center and attendant amenities to the swimming pool and amenity center.

Section 14. "Voting Members" shall mean Class A Members in good standing and the Class B Members. Under no circumstances shall the Non-Resident Members be Voting Members of the Association.

Section 15. "Current Owners" shall mean those Owners of the Sold Lots whose names appear on the signature page of this Restated Declaration.

## ARTICLE II HARBOR LAKES HOMEOWNERS ASSOCIATION, INC.

Section 1. Membership. The Declarant and every other Owner of an Affected Lot shall be a member of the Association ("Member"). Membership by Declarant and every other Owner of an Affected Lot shall be appurtenant to and shall not be separated from ownership of any Affected Lot. Every Member shall have the right at all reasonable times during business hours to inspect the books of the Association.

~~Section 2. Membership of Non-Resident Members. Subject to the terms hereof, in the event~~ the golf course immediately adjacent to the Swim Club and tentatively known as Harbor Lakes Golf Club (the "Golf Club") becomes a private membership club or a semi-private membership club, the Golf Club shall have the right to designate up to 750 of its full paying dues members to be Non-Resident Members of the Association with the right to use the Swim Club and its attendant facilities, subject however to payment of Annual General Assessments and Special Swim Club Assessments and the rules and regulations of the Association. If at any time the Golf Club ceases to be a private membership club or semi-private membership club, then in such event there shall be no Non-Resident Members and no one other than Class A and Class B Members of the Association and their immediate family and guests as permitted by the Bylaws or the rules of the Association shall be permitted to use the Swim Club Facilities, except as otherwise provided in this Restated Declaration.

Section 3. Funding. Subject to the terms of this Article, Declarant, for each Affected Lot owned by Declarant, hereby covenants to pay, and each Owner of any Affected Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay (as a portion of the consideration and purchase money paid by each such Owner for such Affected Lot) to the Association: (1) Annual General Assessment (as hereinafter defined) or charges, (2) Special Assessments (as hereinafter defined) for capital improvements, (3) Special Swim Club Special Assessments (as hereinafter defined), (4) Annual Waterway Assessments (as hereinafter defined) with respect to Owners of Waterway Lots (as hereinafter defined), and (5) Special Waterway Assessments (as hereinafter defined) with respect to Owners of Waterway Lots for capital improvements related to the waterway, such assessments to be established and collected as hereinafter provided. In addition to the foregoing, each Non-Resident Member agrees to pay (1) the Annual General Assessment and (2) any Swim Club Special Assessment. Such assessments will remain effective for the full term (and extended term, if applicable) of this Restated Declaration. With respect to the Class A Members, assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall run with the land and be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Affected Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successors in title of such Owner unless expressly assumed by them. With respect to Non-Resident Members, Annual General Assessments and Special Swim Club Assessments, together with interest, costs and reasonable attorney's fees shall be a personal obligation of each Non-Resident Member.

Section 3.A. Assessments.

(a) General Assessments. Subject to the terms of this Article, each Affected Lot and each Non-Resident members is hereby subject to an initial maximum annual general assessment (the "Annual General Assessment") of \$360.00 per annum [until such assessment shall be increased in accordance with the By-Laws of the Association (provided that the maximum annual assessment may be increased each year not more than 10% above the maximum General Assessment for the previous year without a vote of the Voting Members of the Association), for the purpose of creating a fund to be designated and known as the "General Assessment Fund." The Annual General Assessment will be paid by the Owner of each Affected Lot (which Owner is also a Class A Member) in advance commencing as to an Affected Lot on the earlier to occur of (i) one hundred twenty (120) days after the conveyance of such Affected Lot to a Class A Member by Declarant or (ii) completion of the Unit on such Affected Lot owned by a Class A

Member; however, Affected Lots owned by Declarant or any other Class B Member shall not be subjected to any Annual General Assessment, Special Assessment, Special Swim Club Assessment, Annual Waterway Assessment or Special Waterway Assessment unless and until Declarant or such other Class B Member(s) complete construction of a Unit on such Affected Lot or unless otherwise required to obtain necessary approval of the FHA or VA for FHA or VA mortgage financing. The Annual General Assessment will be paid by each Non-Residential Members and will not be pro-rated, regardless of when a Non-Resident Member becomes a member of the Association. The rate at which each Affected Lot will be assessed, and whether such Annual General Assessment shall be payable monthly, quarterly or annually, will be determined by the Board of Directors of the Association at least thirty (30) days in advance of each affected assessment period. Said rate may be adjusted from time to time by the Board of Directors as the needs of the Association may, in the judgment of the Directors, require. The assessment for each Affected Lot and on each Non-Resident Members shall be uniform. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment has been paid for the assessment period.

(b) Purpose of General Assessment Fund. The Association shall establish a General Assessment Fund (herein so called) composed of Owners and Non-Resident Members' Annual General Assessments and shall use the proceeds of such fund providing for normal, recurring maintenance charges for the Common Maintenance Areas for the use and benefit of all Members of the Association. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, cleaning, mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for existing landscaping, the Swim Club Facilities and related facilities) and the improvements to such Common Maintenance Areas, such as sprinkler systems, and private streets, if any, provided the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas; normal, recurring maintenance of the waterways, canals, sea walls, bulkheads and boat ramps related to the waterways and capital improvements thereto; payment of all legal and other costs and expenses incurred in connection with the enforcement of all recorded covenants, restrictions and conditions affecting the property to which the assessment fund applies, including without limitation costs and expenses paid or incurred in connection with insuring such property and the payment of any and all taxes thereon; payment of all reasonable and necessary expenses in connection with the collection and administration of the assessments; employment of policemen and watchmen, if any, engagement of a manager or management firm to operate and/or maintain all or any portion of the Common Maintenance Areas, waterways, boat ramps and sea walls, including without limitation the Swim Club Facilities; caring for vacant lots; and doing any other thing or things necessary or desirable in the opinion of the Board of Directors of the Association to keep the Property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that the judgment of the Board of Directors in the expenditure of said funds and the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith. The Association shall, in addition, establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement

of improvements of the Common Maintenance Area and waterways, boat ramps and sea walls. The fund shall be established and maintained out of regular annual General Assessments.

(c) Special Assessment Fund for Working Capital, Nonrecurring Maintenance and Capital Improvements. In addition to the Annual General Assessments authorized above, the Association may, by a vote of two-thirds (2/3) of Voting Members of the Association, in the aggregate, who are voting in person or by proxy at a meeting called for this purpose, levy Special Assessments as follows: in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any nonrecurring maintenance, or the acquisition, construction, reconstruction, repair or replacement of a capital improvement upon any Common Area (excluding the Swim Club Facilities), waterways, sea walls, bulkheads and/or boat ramp and boat ramp areas, including fixtures and personal property related thereto may be assessed. The Association shall from time to time establish a Special Assessment Fund (herein so called) and shall not commingle the proceeds of such Special Assessment Fund with the General Assessment Fund, the Special Swim Club Fund, the Waterway Fund or the Special Waterway Fund. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question. Non-Resident Members will not be required to pay any portion of any Special Assessment.

(d) Special Swim Club Assessment Fund for Working Capital, Nonrecurring Maintenance and Capital Improvements. In addition to the Annual General Assessments authorized above, the Association may, by a vote of two-thirds (2/3) of the Voting Members of the Association, in the aggregate, who are voting in person or by proxy at a meeting called for this purpose, levy Special Swim Club Assessments as follows: in any assessment year, a Special Swim Club Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any nonrecurring maintenance, or the acquisition, construction, reconstruction, repair or replacement of a capital improvement related to the Swim Club Facilities, including fixtures and personal property related thereto may be assessed. The Association shall from time to time establish a Special Swim Club Fund (herein so called) and shall not commingle the proceeds of such Special Swim Club Assessment with the General Assessment Fund, the Special Assessment Fund, the Waterway Fund or the Special Waterway Fund. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements related to the Swim Club Facilities.

(e) Special Individual Assessment. Special individual assessments levied against individual Owners and Non-Resident Members to reimburse the Association for extra or unusual costs incurred for items such as (but not limited to): maintenance and repairs to portions of the Common Property caused by the willful or negligent acts of the individual Owner, Non-Resident Members, their family or their invitee(s); the remedy, cure or minimizing of problems caused by, or as a result of, violations of these covenants by an Owner, Non-Resident Member, their tenants or their invitee(s).

(f) Individual Fines. Individual assessments and fines levied against an individual Owner, their family, their tenants and invitees, Non-Resident Members, their family or their invitee(s) for violations of rules and regulations pertaining to the Association and/or the Common Property.

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Section 3.B. Waterway Assessments.

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(a) Units Owned by Class A Members. Subject to the terms of this Article, each Affected Lot is hereby subject to an additional assessment for the maintenance, repair and dredging of the waterway immediately adjacent and contiguous with the Property and boat ramps located on the Property. The Waterway Assessment shall be assessed solely against Affected Lot which are immediately adjacent to and contiguous with a navigable waterway ("Waterway Lots") and shall initially be \$100.00 per Waterway Lot per annum [until such Waterway Assessment shall be increased in accordance with the By-Laws of the Association (provided that the maximum annual Waterway Assessment may be increased each year not more than 10% above the maximum Waterway Assessment for the previous year without a vote of those Class A Members that are Waterway Lot Owners and the Class B Members (regardless of whether the Class B Member owns any Waterway Lots), as provided in the By-Laws of the Association)], for the purpose of creating a fund to be designated and known as the "Waterway Assessment Fund", which Waterway Assessment will be paid by the Owner of each Waterway Lot (which Owner is also a Class A member) in advance, commencing as to a Waterway Lot on the earlier to occur of (i) one hundred twenty (120) days after the conveyance of such Affected Lot to a Class A Member by Declarant or (ii) completion of the Unit on such Waterway Lot owned by a Class A Member; however, Waterway Lots owned by Declarant or any other Class B Member shall not be subjected to any Waterway Assessments unless and until Declarant or such other Class B Member(s) complete construction of a Unit on such Waterway Lot or unless otherwise required to obtain necessary approval of the FHA or VA for FHA or VA mortgage financing. The rate at which each Waterway Lot will be assessed, and whether such Waterway Assessment shall be payable monthly, quarterly or annually, will be determined by the Board of Directors of the Association at least thirty (30) days in advance of each affected assessment period. Said rate may be adjusted from time to time by the Board of Directors as the needs of the Association may, in the judgment of the Directors, require. The Waterway Assessment for each Waterway Lot shall be uniform. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment has been paid for the assessment period. Non-Resident Members shall not be required to pay any portion of the Waterway Assessment.

(b) Purpose of Waterway Assessment Fund. The Association shall establish an Waterway Assessment Fund composed of Waterway Lot Owners' Annual Waterway Assessments and shall use the proceeds of such fund providing for normal, recurring maintenance charges for the waterways, canals, sea walls, bulkheads and dredging of the waterways for the use and benefit of all members of the Association. The Waterway Assessment Fund shall not be used for general Common Area Maintenance that is not directly related to the waterways; however, nothing contained herein shall limit the use of the General Assessment Fund and Special Assessment Fund (to the extent expressly budgeted for in such fund) for maintenance of the waterways, canals, sea walls and dredging of the waterways. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: (i) normal, recurring maintenance of the waterways, sea walls and the improvements to such waterways, including dredging, provided the Association shall have no obligation (except as expressly provided hereinafter) to make capital

improvements to the waterways (ii) payment of legal and other costs and expenses incurred in connection with the enforcement of all recorded covenants, restrictions and conditions affecting the property to which the Waterway Assessment Fund applies, including without limitation costs and expenses paid or incurred in connection with insuring such property and the payment of any and all taxes thereon; (iii) payment of all reasonable and necessary expenses in connection with the collection and administration of the Waterway Assessments; and (iv) doing any other thing or things necessary or desirable in the opinion of the Board of Directors of the Association to keep the waterways and sea walls neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that the judgment of the Board of Directors in the expenditure of said Waterway Funds and the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith. The Association shall, in addition, establish and maintain an adequate reserve Waterway Fund for the periodic maintenance, repair and replacement of improvements of the waterways, sea walls and bulkheads. The Waterway Fund shall be established and maintained out of regular annual Waterway Assessments.

(c) Special Waterway Assessment Fund for Working Capital, Nonrecurring Maintenance and Capital Improvements. In addition to the annual Waterway Assessments authorized above, the Association may, by a vote of two-thirds (2/3) of the Waterway Lot Owners and Class B Members of the Association, in the aggregate, who are voting in person or by proxy at a meeting called for this purpose, levy special waterway assessments against the Waterway Lots as follows: in any assessment year, a Special Waterway Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any nonrecurring maintenance, or the acquisition, construction, reconstruction, repair or replacement of a capital improvement upon any area within the waterway. sea walls and bulkheads, including fixtures and personal property related thereto may be assessed. The Association shall establish a Special Waterway Fund (herein so called) for the Special Waterway Assessment and shall not commingle the proceeds of such Special Waterway Fund with the Waterway Fund, the General Assessment Fund, the Special Assessment Fund or the Special Swim Club Fund. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question and shall be the obligation of the Waterway Lot Owners and their Waterway Lots only.

Section 4. Non-payment of Assessments: Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall bear interest from the due date at the highest non-usurious rate of interest allowed by Texas law or 18% per annum, whichever is less. The Association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments on such terms as it may establish by duly adopted resolutions and the Association may bring an action at law against the Owner or Non-Resident Member personally obligated to pay the same, or with respect to an Owner, foreclose the lien retained herein against the Owner's Affected Lot, in accordance with the terms and provisions of Section 51.002 of the Texas Property Code, as amended, or otherwise. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his property. No Non-Resident Member may waive or otherwise escape liability for the Annual General Assessment or Swim Club special Assessment by non-use of the Swim Club. If at any time a Non-Resident Member ceases to be a member by tendering his or her resignation or otherwise being terminated as a Non-



Resident Member, if the terminated Non-Resident Member seeks to be reinstated (which the Association shall have no obligation to reinstate), the Board of Directors may, at their option, require that such Non-Residential Member pay all Annual General Assessments and/or Special Swim Club Assessments for the period of time since such Non-Resident Member's termination from the Association, notwithstanding the fact such Non-Residential Member did not use the Swim Club Facilities during such period.

Section 5. Subordinated Lien to Secure Payment and Performance. To secure the payment of the assessments established hereby with respect to the Class A Members and to be levied on individual Affected Lots as above provided, and the performance by the Owners of the Affected Lots of all of the duties, obligations and indebtedness of such Owners as set forth herein and in the Bylaws of the Association, there is hereby reserved a lien for the benefit of the Association, said lien to be enforceable through appropriate proceedings at law or in equity by such beneficiary; provided, however, that each such lien shall be specifically made secondary, subordinate and inferior to all liens, present and future, given, granted, and created by or at the insistence and request of the Owner of any such Affected Lot to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the improvement of any such Affected Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Affected Lot upon which there is an outstanding valid and subsisting first mortgage lien, said beneficiary shall give the holder of such first mortgage sixty (60) days written notice of such proposed action, such notice, which shall be sent to the nearest office of the lienholder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lienholder, any such beneficiary shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to the holder thereof. Sale or transfer of an Affected Lot shall not affect the assessment lien. However, the sale or transfer of any Affected Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale, foreclosure or transfer shall relieve such Affected Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the right to file notices of liens in favor of such Association in the Real Property Records of Hood County, Texas.

Section 6. Voting Rights. The Association shall have two classes of voting membership:

(a) Class A. Class A members shall be all Owners with the exception of Declarant and shall be entitled to one (1) vote for each Affected Lot owned. When more than one person holds an interest in any Affected Lot, all such persons shall be members, but the vote for such Affected Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Affected Lot.

(b) Class B. The Class B member shall be the Declarant who shall be entitled to three (3) votes for each unoccupied Affected Lot owned by it. The Class B membership shall cease and be converted to Class A membership one hundred twenty (120) days after the conveyance of the Affected Lot which causes the total votes outstanding in the Class A membership to equal the total votes outstanding in the Class B membership, or ten (10) years after conveyance of the first Affected Lot by Declarant, whichever occurs earlier. Class B membership shall be reinstated at any time before the expiration of twenty (20) years from the date of conveyance of the first Affected Lot if additional Affected Lots owned by a Class B member are annexed to this Restated

Declaration in sufficient numbers to restore a ratio of at least one Class B Lot for each three Class A Lots in the Property.

(c) Non-Resident Members. Non-Resident Members shall have no voting rights.

(d) Suspension. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to this Article or is otherwise in default hereunder or under the By-Laws or Rules and Regulations of the Association and such suspension shall apply to the proxy authority of the Voting Representative, if any.

Section 7. Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized herein shall be sent to all members, or delivered to their residences, not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of members or of proxies or Voting Representatives entitled to cast two-thirds (2/3) of all the votes of each class of membership entitled to vote shall constitute a quorum. If the required quorum of the membership entitled to vote is not present, another meeting may be called subject to the same notice requirement, and the required quorum of the membership entitled to vote at such subsequent meeting shall be two-thirds (2/3) of the quorum requirement for such prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (the quorum requirement being reduced for each such meeting in accordance with the terms and provisions of the immediately preceding sentence). No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

### ARTICLE III GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS OF THE ASSOCIATION

Section 1. Purpose of Assessment Fund. The Board shall provide and shall pay out of the General Assessment Fund provided for in Article II above the following:

(a) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Owners, if any.

(b) Care and preservation of the Common Maintenance Area and Common Area.

(c) The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board, (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon ninety days prior written notice to the managing party) and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager.

(d) Legal and accounting services.

(e) A policy or policies of insurance insuring the Association against any liability to the public or to the Owners and Non-Resident Members (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors, including a policy or policies of insurance as provided herein in Article IV.

(f) Workers compensation insurance to the extent necessary to comply with any applicable laws.

(g) Such fidelity bonds as may be required by the By-Laws or as the Board may determine to be advisable.

(h) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Restated Declaration or by law or which in its opinion shall be necessary or proper for the enforcement of this Restated Declaration.

Section 2. Powers and Duties of Board. The Board shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the By-Laws of the Association:

(a) To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas, if any, on behalf of all Owners.

(b) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners and delinquent Non-Resident members if the Board sees fit.

(c) To enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.

(d) To protect or defend the Common Areas from loss or damage by suit or otherwise, as the Board sees fit, and to provide adequate reserves for replacements, as the Board sees fit.

(e) To make reasonable rules and regulations for the operation of the Common Maintenance Areas and to amend them from time to time; provided that, any rule or regulation may be amended or repealed by an instrument in writing signed by Owners constituting a majority of the votes of the Association, or with respect to a rule applicable to less than all of the Common Areas, by a majority of the votes of the Owners in the portions affected.

(f) To make available for inspection by Owners within sixty (60) days after the end of each year an annual report and to make all books and records of the Association available for inspection by Owners at reasonable times and intervals.

(g) To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency.

(h) To enforce the provisions of any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules, as the Board sees fit.

(i) To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings, as the Board sees fit.

(j) To make reasonable rules and regulations regarding membership qualification for Non-Resident Members not inconsistent with the provisions set forth herein; provided no initiation fee may be charged Non-Resident Members and Non-Resident Members shall not be charged any amounts in excess of the Annual General Assessments and Special Swim Club Assessments charged Class A Members.

(k) To make reasonable rules and regulations regarding use of the canals and waterways by the Owners and the construction of docks, boathouses, walkways, slips, moorings and piers.

Section 3. Board Powers Exclusive. The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the assessment fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein.

Section 4. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner, Non-Resident Member or other person or entity for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association, and in compliance with all applicable laws, rules and regulations.

#### ARTICLE IV TITLE TO COMMON AREAS

Section 1. Conveyance/Association to Hold. The Declarant may hereafter, in Declarant's sole option, grant and convey unto the Association all of the right, title and interest of the Declarant in and to the Common Areas, whereupon the Association shall assume all maintenance obligations with respect to any Common Areas which may then exist or thereafter be established. Nothing contained herein shall create an obligation on the part of Declarant to establish any additional Common Areas.

Section 2. Liability Insurance. From and after the date on which title to any Common Area vests in the Association, the Association shall purchase and carry a general comprehensive public liability insurance policy for the benefit of the Association and its members, covering occurrences on the Common Areas. The policy limits shall be as determined by the Board of Directors of the Association. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability

endorsements or other appropriate provisions for the benefit of the members, Directors, and the management company and other insureds, as their interests may be determined.

Section 3. Condemnation. In the event of condemnation or a sale in lieu thereof of all or any portion of the Common Areas, the funds payable with respect thereto shall be payable to the Association and shall be used by the Association to purchase additional Common Areas to replace that which has been condemned or to take whatever steps are it deems reasonably necessary to repair or correct any damage suffered as a result of the condemnation. In the event that the Board of Directors of the Association determines that the funds cannot be used in such a manner due to lack of available land for additional Common Areas or for whatever reason, any remaining funds may be utilized by the Association for the general assessment fund.

Section 4. Obligations of Owners. Each Owner, tenant and Non-Resident Member expressly understands, covenants and agrees with the Association that:

(a) Neither Declarant nor Declarant and the Association have any responsibility or liability of any kind or character whatsoever regarding or pertaining to the real and personal property of each Owner, tenant, Non-Resident Member and invitee;

(b) Each Owner, tenant and Non-Resident Member should, from time to time and at various times, consult with reputable insurance industry representatives of each Owner's, tenant's and Non-Resident Member's own selection to consider, purchase, obtain and maintain appropriate insurance providing the amount, type and kind of insurance deemed satisfactory to each Owner, tenant and Non-Resident Member covering his or her real and personal property;

(c) Each Owner, tenant and Non-Resident Member releases and holds Declarant and the Association harmless from any uninsured liability, claims, causes of action or damages of any kind or character whatsoever arising out of or related (directly or indirectly) to any and all aspects of the community services system, private streets, canals, waterways and golf course within the Property, including, without limitation:

(1) the interviewing, hiring, training, licensing (if any), bonding (if any) and employment of community services personnel (if any);

(2) the instructions, directions and guidelines issued to or by the community services personnel (if any);

(3) the duties, performance, actions, inactions or omission of or by the community services personnel (if any); and

(d) Each Owner, tenant, Non-Resident Member and invitee will cooperate with the Declarant and the Association in connection with the establishment, evolution and maintenance of reasonable controls on the pedestrian, vehicular traffic and watercraft traffic into and within the Common Areas and Common Maintenance Area and abide by any and all rules and regulations of the Association, as adopted and promulgated from time to time, related to the entry upon and use of any private streets, canals, waterways and other Common Areas and Common Maintenance Areas within the Property.

**ARTICLE V  
EASEMENTS**

Section 1. Utility Easements. As long as Class B membership shall be in effect, the Declarant hereby reserves the right to grant perpetual, nonexclusive easements for the benefit of the Declarant or its designees, upon, across, over, through and under any portion of the Common Area or any portion of any Affected Lot outside of the permitted building area of such Affected Lot as reasonably required for the providing of ingress and egress in connection with the installation, replacement, repair, maintenance, use and operation of all utility and service lines and service systems, public and private, including, without limitation, cable television, to the Property. Declarant, for itself and its designees, reserves the right to retain title to any such easements. Upon cessation of Class B membership, the Association shall have the right to grant the easements described herein.

Section 2. Declarant's Easement to Correct Drainage. As long as Class B membership shall be in effect, Declarant hereby reserves a blanket easement on, over and under the ground within the Property to reasonably maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of health, safety and appearance and shall be entitled to remove trees or vegetation, without liability for replacement or damages, as may be reasonably necessary to provide adequate drainage for any portion of the Property. Notwithstanding the foregoing, nothing herein shall be interpreted to impose any duty upon Declarant to correct or maintain any drainage facilities within the Property.

Section 3. Easement for Unintentional Encroachment. The Declarant hereby reserves an exclusive easement for the unintentional encroachment by any structure upon the Common Area caused by or resulting from, construction, repair, shifting, settlement or movement of any portion of the Property, which exclusive easement shall exist at all times during the continuance of such encroachment as an easement appurtenant to the encroaching property to the extent of such encroachment.

Section 4. Entry Easement. In the event that the Owner fails to maintain the Affected Lot as required herein, or in the event emergency repairs are required, the Declarant hereby reserves an easement to enter upon any such Affected Lot and to do the work reasonably necessary for the proper maintenance and operation of the Property. Entry upon the Affected Lot as provided herein shall not be deemed a trespass, and the Association shall not be liable for any damage so created unless such damage is caused by the Association's willful misconduct or gross negligence.

Section 5. Utility and Wall Easements. Easements for the installation and maintenance of walls, utilities, storm water retention, detention ponds, sea walls, bulkheads and canals and/or a conservation area are reserved as may be shown on the recorded plat. Within these easement areas, no structure, plant or material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of walls or utilities, or which may hinder or change the direction or flow of drainage channels or slopes in the easements. The easement area of each Affected Lot and all improvements contained therein shall be maintained continuously by the Owner of the Affected Lot, except for those improvements for which a public authority, utility company or the Association is responsible.

Section 6 Temporary Completion Easement. All Affected Lots shall be subject to easement of ingress and egress for the benefit of the Declarant, its employees, subcontractors, successors and

assigns, over and upon the front, side and rear yards of the Property as may be reasonably expedient or necessary for the construction, servicing and completion of dwellings and landscaping upon Affected Lots adjacent to the Property, provided that such easement shall terminate twelve (12) months after the date such Affected Lot is conveyed to the Owner by the Declarant.

**ARTICLE VI  
USE AND OCCUPANCY**

All Affected Lots and dwellings shall be used and occupied for single-family residence purposes. No Affected Lot or dwelling may be used for commercial, institutional or other non-residential purpose if such use involves the attendance or entry of non-residents upon the Lot or otherwise diminishes the residential character of the Lot or neighborhood. This prohibition shall not apply to "garage sales" conducted with prior written consent of the Association provided that no Owner shall conduct more than two (2) garage sales of no more than two (2) days duration each during any twelve (12) month period.

**ARTICLE VII  
PROPERTY RIGHTS**

Section 1. Owners' Easement of Enjoyment. Every Owner shall have a right and easement in and to the Common Areas and a right and easement of ingress and egress to, from and through said Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Affected Lot and every Non-Resident Member shall have a right and easement in and to the Swim Club Facilities over dedicated streets, subject to the following provisions:

(a) The right of the Association to establish and publish rules and regulations governing the use of the Common Areas (including without limitation the Swim Club, waterways and canals) affecting the welfare of Association members and their families and invitees;

(b) The right of the Association to suspend the right of use of the Common Areas and the voting rights of an Owner for any period during which any assessment against his Affected Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) The right of the Association, subject to the provisions hereof, to dedicate or transfer all or any part of the Common Areas, if any, to any public agency, authority or utility for such purposes and subject to the conditions as may be agreed by the Association. No such dedication or transfer shall be effective unless an instrument signed by Owners entitled to cast two-thirds (2/3) of the votes of each class of membership has been recorded agreeing to such dedication or transfer;

(d) The rights of the Association set forth in Section 2 of this Article VII;

(e) The right of the Association to enter into and execute contracts with any party for the purpose of providing management, maintenance or such other materials or services consistent with the purposes of the Association and/or this Restated Declaration;

(f) The right of the Association to enter into and execute contracts with the owner-operators of any community antenna television system ("CATV") or other similar operations for the purpose of extending cable or utility or security service on, over or under the Common Properties to ultimately provide service to one or more of the Lots; and

(g) The right of the Association to grant permits, licenses and easements over the Common Areas for utilities, roads and other purposes necessary for the proper operation of utilities and services reasonable and necessary for the enjoyment of the residential homeowners.

(h) The right of the Association to suspend the right of use of the Swim Club Facilities for any period during which Annual General Assessments and/or Swim Club Special Assessments are unpaid by any Member and to terminate a Non-Resident Member forever for any infraction of its published rules and regulations.

All easements herein described are easements appurtenant to and running with the land; they shall at all times inure to the benefit of and be binding upon the Owners, and all of their grantees, and their respective heirs, successors, personal representatives and assigns, perpetually and in full force;

Section 2. Swim Club. Notwithstanding anything set forth or implied herein to the contrary, the rights of the Owners set forth in Section 1 of this Article VII with respect to the Swim Club are nonexclusive, and the Association may elect to permit owners of homes in subdivisions other than the Property and Non-Residential Members to have access to and to use and enjoy the Swim Club upon terms and conditions reasonably established by the Association and with respect to Non-Residential Members, not otherwise inconsistent with the terms of the Restated Declaration. The Association shall have the right to suspend and terminate Non-Resident Members for failure to pay Annual General Assessments and Swim Club Assessments or upon violation of the rules and regulations of the Association.

Section 3. Effect of Restated Declaration. Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described or to this Restated Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, restrictions and covenants were fully related and set forth in their entirety in said documents.

Section 4. Rezoning Prohibited. No Affected Lot shall be rezoned to any classification allowing commercial, institutional or other non-residential use without the express consent of the Association and Declarant (as long as Declarant owns any Affected Lot subject to this Restated Declaration), which may be withheld in Declarant's sole discretion. Declarant or the Association may enforce this covenant by obtaining an injunction against any unapproved rezoning at the expense of the enjoined party.

Section 5. Damage to the Common Areas. Each Owner shall be liable to the Association for any damage to any portion of the Common Areas caused by the negligence or willful misconduct of the Owner or his family, tenants and invitees.

Section 6. Use of Common Areas. The Association shall have the power and authority to prescribe rules and regulations applicable to the Common Areas, including, but not limited to, the Swim



Club and canals, waterways and sea walls and the construction of boathouses, docks, piers, pilings and slips and regulation of the size of watercraft permitted to be docked on a canal. No person or entity shall use any portion of the Common Areas to:

- (a) solicit, promote or conduct business, religious, political or propaganda matters;
- (b) distribute handbills, newsletters, flyers, circulars or other printed materials;
- (c) display or install signs, flags or banners,

without the prior written consent of the Association (which consent may be withheld in its sole and absolute discretion).

Section 7. User Fees and Charges. The Association may levy and collect special charges and fees for any and all extraordinary operation and maintenance of the Common Areas and services which the Association determines to be necessary for the advancement, benefit and welfare of the Owners or tenants. Examples (by way of illustration, and not limitation) of these special charges and fees would include: additional gate and/or security personnel for parties or special events; valet parking arrangements; post-party trash pick-up and removal; extraordinary utility consumption; management overtime services; and additional insurance conditions or requirements. In establishing special user fees, the Association may formulate reasonable classifications of users. Such fees should be uniform within each class but need not be uniform from class to class. If an Owner shall fail to pay a charge or fee when due and payable, said unpaid charge or fee shall be delinquent and upon written notice to said Owner shall become a personal debt of said Owner and shall be secured by the Payment and Performance Lien described herein. Failure of any Owner to pay said fee and charge when due and payable, in addition, shall be a breach of these Covenants.

Section 8. Adjacent Waterway, Waterway and Lake. Owners acknowledges that neither Declarant nor the Association own or control the waterway, or lake developed in close proximity to the Property. As a material inducement to cause Declarant to enter into and execute this Restated Declaration and to consummate the transactions contemplated hereby, each Owner, on behalf of himself, herself and/or itself and all of its successors and assigns (including, but not limited to, any future purchasers of any houses constructed on any of the Lots), hereby (a) waives, releases and relinquishes any and all claims it or they may now or hereafter have against Declarant, the Association, the City of Granbury, Texas, and their respective heirs, executors, personal representatives, successors or assigns (the "Released Parties") and (b) indemnifies each and all of the Released Parties from and against any and all losses, damages, costs, claims, liabilities, actions, causes of action, or expenses of any kind or character, arising out of or resulting from any activities related to the waterway or lake. Each Owner also covenants and agrees that it will include in any contract for the sale of any Lot to any third party that such contract shall expressly include the waiver, release and indemnity provisions contained in this Section 8.

Section 9. Adjacent Golf Course. By acceptance of a deed conveying title to any Lot, each Owner, on behalf of himself, herself and/or itself and all of its successors, assigns, guests and invitees (including, but not limited to, any future purchasers of any houses constructed on any of the Lots), hereby (a) waives, releases and relinquishes any and all claims it or they may now or hereafter have against Declarant, the Association, the City of Granbury, Texas, any owner and/or operator of the said golf course (located adjacent to the Property) and the architect(s) who designed or redesigned in whole or part any portion of the golf course and their respective heirs, executors, personal representatives,

successors or assigns (the "Released Parties") and (b) indemnifies each and all of the Released Parties from and against any and all losses, damages, costs, claims, liabilities, actions, causes of action, or expenses of any kind or character, arising out of or resulting from any activities or matters related to the golf course, including, but not necessarily limited to, any caused or occasioned by any errant golf balls. Each Owner also covenants and agrees that it will include in any contract for the sale of any Lot to any third party the waiver, release and indemnity provisions contained in this Section 9.

#### ARTICLE VIII USE RESTRICTIONS/MINIMUM DWELLING UNIT SIZES

Section 1. Nuisances. No noxious or offensive activity shall be carried on upon any Affected Lot, nor shall anything be done which may be or may become an annoyance or nuisance to the neighborhood.

Section 2. Development Activity. Notwithstanding any other provision herein, Declarant and its successors and assigns shall be entitled to conduct on the Property all activities normally associated with and reasonably convenient to the development of the Property and the construction and sale of dwelling units on the Property, including without limitation the right to place and maintain on the Property construction trailers, model homes, marketing facilities, signage, lighting, construction trucks, equipment and other similar items necessary for the construction on and marketing of the Property.

Section 3. Temporary Structures. Except as otherwise expressly set forth herein, no structures of a temporary character, including, without limiting the generality thereof, any trailer, tent, shack, garage, barn, motor home or mobile home or other outbuilding, shall be used on any Affected Lot at any time as a residence, either temporarily or permanently.

Section 4. Signs and Picketing. No sign or emblem of any kind may be kept or placed upon any Affected Lot or mounted, painted or attached to any Unit, fence or other improvement upon such Affected Lot so as to be visible from public view except the following:

(a) For Sale Signs. An Owner may erect on (1) sign not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of the ground advertising the Affected Lot for sale.

(b) Declarant's Signs. Signs or billboards may be erected by the Declarant or builder(s) building houses on any Lots in the ordinary course of such builder's business.

(c) Political Signs. Political signs may be erected upon an Affected Lot by the Owner of such Affected Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than a reasonable period of time [in no event to exceed one hundred eighty (180) days] in advance of the election to which they pertain and are removed within fifteen (15) days after the election.

In addition to the foregoing, to protect the safety and harmony of the community, no person shall engage in picketing on any Affected Lot, easement, right-of-way or Common Area within or

adjacent to the Property, nor shall any vehicle parked, stored or driven in or adjacent to the Property bear or display any signs, slogans, symbols, words or decorations intended to create controversy, invite ridicule or disparagement, or interfere in any way with the exercise of the property rights, occupancy or permitted business activities of any Owner or Declarant.

Section 5. Campers, Trucks, Boats, and Recreational Vehicles. No campers, vans, pickup trucks, boats (except as otherwise hereinafter permitted), boat trailers, recreational vehicles and other types of non-passenger vehicles, equipment, implements or accessories may be kept on any Affected Lot unless the same are fully enclosed within the garage located on such Lot and/or said vehicles and accessories are screened from view by a screening structure or fencing and said vehicles and accessories are in an operable condition. Notwithstanding the foregoing, a Waterway Lot Owner's personal watercraft may be docked or moored immediately adjacent to the sea wall or canal bulkhead of such Waterway Lot Owner's Waterway Lot, provided the dock, pier, slip, walkway or mooring has been approved by the Architectural Standards Committee and the watercraft is in good operating condition, is neat and attractive in appearance and the watercraft when docked does not obstruct or otherwise hinder navigation within the canal. Notwithstanding the foregoing, the Committee has the right to restrict or prohibit the docking or mooring of boats on the canals immediately adjacent to a Waterway Lot where the canal narrows under a bridge.

Section 6. Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Affected Lot, except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose.

Section 7. Garbage and Refuse Disposal. No Affected Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 8. Sight Distance at Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Affected Lot within the triangular area formed by the street boundary lines and a line connecting them at points twenty-five (25) feet from the intersection of the street boundary lines, or in the case of a rounded property corner, from the intersection of the street boundary lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street boundary line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 9. Parking. No vehicles, trailers, implements or apparatus may be driven or parked in the Common Maintenance Area, Common Area or on any easement.

Section 10. Commercial or Institutional Use. No Affected Lot, and no building erected or maintained on any Affected Lot shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes.

Section 11. Building Standards. No building shall be erected or maintained on any Affected Lot unless it complies with all applicable governmental ordinances, laws, rules and regulations. In addition, no building, structure, fence wall or improvement shall be erected or maintained on any Affected Lot

unless same has been approved by the Committee (hereinafter defined) pursuant to the terms and provisions of Section 24 of this Article VIII.

Section 12. Detached Buildings and Boathouses. No detached accessory buildings (including, but not limited to, storage buildings), save and except for detached garages and boathouses (provided the design and material of each boathouse has been approved by the Committee, is permitted by applicable governmental regulations and statutes and is located immediately adjacent to and contiguous with a waterway or canal) approved by a majority of the members of the the Committee as set forth in Section 24 of this Article VIII, shall be erected, placed or constructed upon, adjacent to or in close proximity to any Affected Lot, without the prior written consent of the Board of Directors.

Section 13. Parking, Garage Requirements & Limitations on Garage Conversions. A minimum of a two car garage shall be provided and maintained on site for each dwelling unit. All required parking must be behind all required setback lines. A garage may be converted into a living area only if another garage can be added to comply with the requirement to have a minimum of a two car garage in compliance with the foregoing. No front entry garages are permitted unless the Architectural Standards Committee in its discretion grants a written variance on a Lot by Lot basis.

Section 14. Fences. No fence, wall or hedge shall be erected or maintained on any Affected Lot nearer to the street than the building setback lines for the front and side yards. The location and type of any fence or wall must be approved by the Committee and must be constructed of wrought iron, masonry, brick, wood or other material approved by the Committee and must comply with all applicable governmental requirements and ordinances. No fence or wall shall be permitted to extend nearer to the front street than (i) forty-five (45) feet from the front street, or (ii) the front of the house except as approved by the Committee, whichever distance is farther. No portion of any fence shall exceed eight (8) feet in height as measured from the lowest point of the Lot, except as approved by the Committee. Notwithstanding the foregoing all rear fences on Waterway Lots shall be constructed of tubular steel and/or brick (provided, however, not more than fifteen percent (15%) of such fence shall be composed of brick) and such rear fences shall not exceed four (4) feet in height across the rear of such Lots and on the sides for a distance of fifteen (15) feet from the rear of such Lots, thereafter, the side fences shall be permitted to increase to a height of eight (8) feet provided the increase in height does not exceed eight (8) inches for every linear five (5) feet of fence up to a maximum of eight (8) feet in height. The exact location, design and material must be approved by the Committee. The rear setback line for fences on Waterway Lots shall be established by the Committee in writing.

Section 15. Antennae, Satellite Dishes and Solar Collectors. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Affected Lot unless such apparatus is erected and maintained in such a way that it is screened from public view at a point in the center of the public right-of-way directly in front of (and, in the case of a corner lot, also screened from public view at a point in the center of the public right-of-way to the side of) the house erected on such Affected Lot.

Section 16. Chimneys. All fireplaces flues, smoke stacks, and spark arresters that front a public street shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the principal finish material of the exterior walls of the dwelling and all other fireplaces, flues, smoke stacks and spark arrestors shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the exterior walls or roof of the dwelling.

Section 17. Clothes Hanging Devices. Exterior clothes hanging devices shall not be permitted.

Section 18. Window Treatment. No aluminum foil, reflective film or similar treatment shall be placed on window or glass doors.

Section 19. Water Wells. The drilling, operating or maintaining of any water wells on any Affected Lot shall not be permitted.

Section 20. Dwelling Unit Size and Additional Requirements.

(a) Single family residential dwelling units ("Unit") constructed on any Lot must comply with all applicable governmental requirements applicable thereto, including, but not necessarily limited to, the City of Granbury, Texas.

(b) All exterior walls on all buildings, including accessory buildings and detached garages shall have a minimum masonry exterior of ninety percent (90%) of the first floor and seventy-five (75%) percent overall when there is more than one floor, except for windows and doors. This requirement shall include accessory and/or attached buildings and/or detached garages.

(c) The minimum dwelling unit area for each dwelling unit located on Lots 1-13, Block 1 of Harbor Lakes Phase 1A, Lots 14-27, Block 1 of Harbor Lakes Phase 1B, Lots 28-32, Block 1, Lots 1-10, Block 2, Lots 1-7, Block 3, Lots 1-27, Block 4 and Lots 1-5, Block 5 of Harbor Lakes Phase 2 shall be the greater of 2,400 square feet or minimum residential dwelling unit square footage required by applicable governmental requirements (the "Initial Lots"). The minimum dwelling unit area for dwelling units located on any other portion of the Property (excluding the Initial Lots) shall be the greater of the minimum residential dwelling unit square footage required by applicable governmental requirements or such minimum square footage requirements as established by Declarant from time to time by the filing of one or more supplemental declarations.

(d) All retaining walls constructed on the Property must be constructed with properly engineered concrete, masonry or other material(s) approved in writing by the Committee and meeting at a minimum the minimum standards required by all applicable governmental requirements applicable thereto, including, but not necessarily limited to, the City of Granbury, Texas.

(e) The Owner of each Waterway Lot must construct and thereafter maintain a sidewalk to be located across the rear of each such Waterway Lot with the exact location, design and material to be used to be approved in writing by a majority of the members of the Committee as set forth in Section 22 of this Article VIII and in compliance with all governmental requirements. The Owner of a Waterway Lot may not fence the sidewalk in and the Owner grants to the Association an easement on and across such sidewalk for purpose of maintaining the sea wall and the waterway.

Section 21. Oil and Mining Operations. No oil drilling or development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Affected Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Affected Lot. No

derrick or other structure designed for use in boring for oil or natural gas or other minerals shall be erected, maintained or permitted upon any Affected Lot.

Section 22. Canals and Slips. The Owner of each Waterway Lot shall be responsible for maintaining that portion of any canal contiguous to his Waterway Lot and any boat slip, dock or pier permitted by rules and regulations of the Association immediately adjacent to and contiguous with the Waterway Lot shall be free of all debris, trash, rubbish, garbage, or any other unsightly or unsanitary material and the boat slips, dock, mooring or pier shall be in good repair at all times and shall not cause any hazard to navigation, provided, however, that improvement, maintenance, repair and other care for the canals, channels, sea walls and bulkheads within the Subdivision shall be the responsibility of the Association. The canals and waterways in the Subdivision shall not be used for dumping any foreign matter of any type and nothing shall at any time be deposited or left in any canal other than properly tended or moored boats. No Owner of any Lot, or any guest of such Owner, shall moor his boat in any area of any canal, except in that portion of the canal contiguous to such Owner's Lot. The Owners of all Lots in the Subdivision shall strictly observe a no-wake and/or five mile per hour (5 M.P.H.) speed limit in all canals and shall endeavor to enforce all others using such canals to observe such speed limit. No watercraft used for commercial fishing purposes shall be moored in any slip or canal within the Subdivision. No slip or dock may be rented or leased. Only watercraft registered in the name of the Waterway Lot Owner may use the slip or dock except for guests of such Waterway Lot Owner who must register such watercraft with the Association and the number of days the watercraft of such guest may remain docked in the canal may be limited by the rules and regulations of the Association.

Section 23. Docks, Piers and Slips. Except as may be more restrictive with respect to Governmental Authority rules, regulations and statutes, boat docks, piers, slips, walkways and moorings of any type shall not be permitted unless the design, location, specifications and manner of construction are approved by the Committee. The Committee may restrict the location of docks and moorings on Waterway Lots immediately adjacent to a bridge. No docks, piers, walkways or moorings may be constructed perpendicular to and contiguous with the bulkhead without the express written consent of the Committee which may be withheld in its sole and absolute discretion. No opening or cut may be made through a bulkhead, including, but not limited to, drilling for electricity and water lines or conduits, anchor ties or cleats without the express written consent of the Committee, which consent may be withheld in its absolute discretion. Furthermore, any expressly permitted cutting or drilling of bulkheads will be under the direct supervision of an engineer approved by the Committee with the expense of the engineer being the responsibility of the Owner. No pier, walkway, dock or mooring will be anchored, attached or affixed to a bulkhead, unless otherwise expressly consented to by the Committee in writing, which consent may be withheld in its absolute discretion. No improvements whatsoever are permitted to be built over and across a bulkhead without the express written consent of the Committee.

Section 24. Architectural Standards Committee. The Architectural Standards Committee (hereinafter called the "Committee") shall be composed of three (3) individuals selected and appointed by the Association, each generally familiar with residential and community development design matters and knowledgeable about the Association's concern for a high level of taste and design standards within the Property. The Committee shall function as the representative of the Owners of the Affected Lots for the purposes herein set forth as well as for all other purposes consistent with the creation and preservation of a first-class community development. The Committee shall use its best efforts to promote and ensure a high level of taste, design, quality, harmony and conformity throughout the Property.

In the event of the death or resignation of any member of the Committee, the Association shall have full authority to designate and appoint a successor. No member of the Committee shall be liable for, and shall be indemnified against, claims, causes of action or damages (except where occasioned by gross negligence or arbitrary and capricious conduct) arising out of services performed pursuant to this Restated Declaration. The Committee shall be entitled, at any time and from time to time, to seek and obtain professional advice and counsel (including but not limited to architects, attorneys, designers, engineers and landscape technicians) in connection with the performance of its duties and all reasonable costs and expenses related thereto paid for or reimbursed by the Association. The Association shall have the right and power to impose and collect a reasonable fee from each Owner for the review and approval/disapproval process and services rendered by the Committee.

No building, structure, fence, wall or improvement of any kind or nature shall be erected, placed or altered on any Affected Lot until all plans and specifications, a plot plan and one or more surveys have been submitted to and approved in writing by the Committee, or a majority of its members, as to:

- (i) quality of workmanship and materials; adequacy of site dimensions; adequacy of structural design; proper facing of main elevation with respect to nearby streets;
- (ii) minimum finished floor elevation, mandatory brick shelf elevation, and proposed footprint of the dwelling;
- (iii) conformity and harmony of the external design, color, type and appearance of exterior surfaces and landscaping;
- (iv) location with respect to topography and finished grade elevation and effect of location and use on neighboring Affected Lots and improvements situated thereon; drainage arrangements; and
- (v) the other standards set forth within this Restated Declaration (and any amendments hereto) or as may be set forth within bulletins promulgated by the Committee, or matters in which the Committee has been vested with the authority to render a final interpretation and decision.

The Committee is authorized and empowered to consider and review any and all aspects of dwelling construction which may, in the reasonable opinion of the Committee, adversely affect the living enjoyment of one or more Owners or the general value of the Property.

Final plans, specifications and surveys shall be submitted in duplicate to the Committee for approval or disapproval. The Committee is authorized to request the submission of samples of proposed construction materials. At such time as the plans, specifications and surveys meet the approval of the Committee, one complete set of plans, specifications and surveys will be retained by the Committee and the other complete set will be marked "Approved" and returned to the Owner or his designated representative. If found not to be in compliance with this Restated Declaration, one set of such plans, specifications and surveys shall be returned "Disapproved," accompanied by a reasonable statement of items found not to comply with this Restated Declaration. Any modification or change to the approved set of plans, specifications and surveys must again be submitted to the Committee for its inspection and approval. The Committee's approval or disapproval, as required herein, shall be evidenced in writing. If the Committee fails to approve or disapprove such plans, specifications and surveys within fifteen (15)

days after the date of submission, then such instruments shall be submitted by such Owner to the Board of Directors of the Association. If the Board of Directors fails to approve or disapprove such plans, specifications and surveys within fifteen (15) days, then the Committee and Association approval shall be presumed. Once any plans and specifications for a house (the "House Plans") have been approved by the Committee or the Board of Directors (or deemed approved), such plans and specifications may continue to be utilized by the party submitting same for other houses to be constructed on other Affected Lots without the necessity of having said House Plans reapproved provided that any material modifications to such previously approved House Plans must once again be submitted to the Committee for approval as herein above provided.

The Committee may from time to time publish and promulgate architectural standards bulletins and/or lot information sheets which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of this Restated Declaration. Unless otherwise indicated herein, the Committee shall not have unbridled discretion with respect to taste, design and any standards specified herein, and the Committee shall be responsive to technological advances or general changes in architectural designs and materials and related conditions in future years and use its best efforts to balance the equities between matters of taste and design (on the one hand) and use of private property (on the other hand). Such bulletins and lot information sheets shall supplement this Restated Declaration and are incorporated herein by reference. EACH OWNER SHALL SEEK AND OBTAIN AND BECOME THOROUGHLY FAMILIAR WITH ANY AND ALL ARCHITECTURAL STANDARDS BULLETINS AND LOT INFORMATION SHEETS PRIOR TO ACQUISITION OF, AND CONSTRUCTION ON, ANY AFFECTED LOT.

#### ARTICLE IX ANNEXATION

Section 1. Annexation by Declarant. At any time during the initial term of this Restated Declaration, the Declarant may, at its sole option, annex additional property to this Restated Declaration to be subject to the terms hereof to the same extent as if originally included herein and subject to such other terms, covenants, conditions, easements and restrictions as may be imposed thereon by Declarant. Annexation shall be evidenced by a written Declaration of Annexation executed by Declarant setting forth the legal description of the property being annexed and the restrictive covenants to be applied to such annexed property.

Section 2. Annexation by Action of Members. At any time the Board of Directors may request approval of the membership for the annexation of additional property into the Association to be subject to all of the terms of this Restated Declaration to the same extent as if originally included herein No such annexation shall be effective unless approved in writing by members entitled to cast two-thirds (2/3) of the total votes in both classes of membership. Any property that is contiguous to existing property to this Restated Declaration may be annexed hereto according to the foregoing requirements, provided however, that no such annexation shall be effective without the consent and joinder of the owners of the property to be annexed. Such annexation must be evidenced by a Declaration of Annexation as set forth in Subsection 1a above executed by the parties herein described.

Section 3. No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any property to this Restated Declaration.



Section 4. Effect of Annexation on Class B Membership. In determining the number of Affected Lots owned by Declarant for the purpose of Class B Membership status according to Article II, Section 6, the total number of Affected Lots covered by the Restated Declaration including all Affected Lots annexed thereto shall be considered. If Class B Membership has previously expired but annexation of additional property restores the ratio of Affected Lots owned by Declarant to the number required for Class B Membership, such Class B Membership shall be reinstated.

## ARTICLE X GENERAL

Section 1. Remedies. In the event of any default by any Owner under the provisions of this Restated Declaration, By-Laws or rules and regulations of the Association, the Association and/or any Owner shall have each and all of the rights and remedies which may be provided for in this Restated Declaration, the By-Laws and said rules and regulations, and those which may be available at law or in equity (including without limitation the rights and remedies set forth in Section 51.002 of the Texas Property Code, as amended), and may prosecute any action or other proceedings against such defaulting Owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Affected Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgement for the payment of the money and collection thereof, or for any combination of the remedies, or for any other relief. No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. In the event of any default by a Non-Resident Member under the provisions of this Restated Declaration, the Bylaws or rules and regulations of the Association, the Association shall have all rights and remedies provided for under this Restated Declaration, the Bylaws, the rules and regulations of the Association or those available at law and equity. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorney's fees and other fees and expenses, and all damages, permitted by law from the due date until paid, shall be charged to and assessed against such defaulting Owner or Non-Resident Member, and shall be added to and deemed part of the respective maintenance assessment (to the same extent as the lien provided herein for unpaid assessments) and with respect to an Owner upon the Affected Lot and upon all of his additions and improvements thereto, and upon all of his personal property upon the Affected Lot. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or any Owner.

Section 2. Term and Amendments. The covenants and restrictions of this Restated Declaration shall run with and bind the land for a term of ten (10) years from the date this Restated Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless seventy-five percent (75%) of the total votes, in the aggregate, of the outstanding votes shall have voted to terminate the covenants and restrictions of this Restated Declaration upon the expiration of the initial ten (10) year period or any extension thereof, which termination shall be by written instrument signed by seventy-five percent (75%) of the total Owners, in the aggregate, and properly recorded in the Real Property Records of Hood County, Texas. This Restated Declaration may be amended by an instrument signed by Owners constituting not less than seventy-five percent (75%) of the total votes, in the aggregate, of the Association. Any amendment must be recorded. Notwithstanding any provisions hereof to the contrary, the Declarant may, at its sole discretion and without consent being required of anyone, (i) modify, amend, or repeal this Restated Declaration at any time prior to the closing of the sale of the first Affected Lot, provided said amendment, modification,

or repeal is in writing and properly recorded in the Real Property Records of Hood County, Texas and/or (ii) amend this Restated Declaration to cause this Restated Declaration to be in compliance with any and all applicable laws, rules and regulations (including without limitation any and all applicable laws, rules and regulations of the Federal Housing Administration and/or the Veterans Administration) and/or (iii) amend or otherwise supplement this Restated Declaration to establish supplemental or additional minimum dwelling unit square footage requirements with respect to those Lots that have not been sold by Declarant and are not otherwise already described in Article VIII, Section 20 above as the "Initial Lots". Notwithstanding the foregoing, no amendment of this Restated Declaration may affect the rights of Non-Resident Members without the express written consent of Lumbermen's Investment Corporation which may be withheld for any reason. As long as Declarant or an affiliate of Declarant owns the Golf Club, Declarant has the absolute right to amend this Restated Declaration in order to modify, amend or eliminate the rights of the Non-Resident Members.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 4. Rights and Obligations. The provisions of this Restated Declaration and the Articles of Incorporation and By-Laws and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. By the recording or the acceptance of a deed conveying a Affected Lot of any ownership interest in the Affected Lot whatsoever, the person to whom such Affected Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Restated Declaration and the Articles of Incorporation and By-Laws, whether or not mention thereof is made in said deed.

Section 5. Miscellaneous Provisions. Any provisions of this Restated Declaration or of the Articles of Incorporation and By-Laws to the contrary notwithstanding, the following provisions shall control:

(a) FHA/VA Approval. If any prospective Owner applies for FHA or VA mortgage financing and receives a commitment therefor, the following actions will require approval of the Federal Housing Administration or the Veterans Administration, as applicable: (1) addition of properties except as set forth in Article X, (2) dedication of Common Areas, and (3) amendment of this Restated Declaration.

(b) The following actions will require notice to all institutional holders of first mortgage liens who have notified the Association in writing of their address to which such notices are to be delivered: (1) abandonment or termination of the Association; or (2) material amendment to the Restated Declaration.

(c) Upon the request of any first mortgagee of a dwelling on an Affected Lot, the Association shall furnish to such mortgagee a written notice of any default by the Owner of such dwelling in the performance of such Owner's obligations under this Restated Declaration or the By-Laws or Association rules and regulations which is not cured within thirty (30) days. Any first mortgagee of a dwelling who comes into possession of such dwelling pursuant to the remedies provided in the mortgage, a foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall take such property free of any claims for unpaid assessments or charges in favor of the

Association against the mortgaged dwelling which accrued prior to the time such holder comes into possession of the dwelling.

(d) Unless at least seventy-five percent (75%) [or such lesser percentage as is allowed or permitted by applicable FHA or VA regulations from time to time] of the first mortgagees (based upon one vote for each mortgage) have given their prior written approval, neither the Association nor the Owners shall be entitled to:

(i) by act or omission seek to abandon, partition, encumber, or transfer the Common Areas, if any, or any portion thereof of interest therein (the granting of easements for public utilities or other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning of this clause);

(ii) substantially change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner by the Association;

(iii) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of the dwellings or maintenance of the dwellings or Lots;

(iv) fail to maintain liability and extended coverage insurance on insurable property comprising a part of the Common Areas on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs).

(e) All personal pronouns used in this Restated Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa.

Section 6. Headings. The headings contained in this Restated Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Restated Declaration.

Section 7. Conflicts. In the event of conflict between the terms of this Restated Declaration and the Bylaws, rules, regulations or Articles of Incorporation of the Association, this Restated Declaration shall control.

Section 8. Floodplain. In the event any of the Affected Lots are located partially within a floodplain or flood prone area, such Affected Lots, and the construction of any improvements thereon, must conform with the rules, regulations and guidelines set forth in all applicable City of Granbury, Texas, flood management ordinance(s) and other applicable laws, rules and regulations.

Section 9. Enforceability by City of Granbury. All rights granted or retained by the Association hereunder shall inure to the benefit of, and be enforceable by, the City of Granbury, Texas.

Section 10. Counterparts. This Restated Declaration may be executed in one or more counterparts, all of which, when taken together, shall constitute one and the same Restated Declaration.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed on its behalf, attested and its corporate seal to be hereunto affixed as of the 15TH day of JUNE, 2001.

DECLARANT:

LUMBERMEN'S INVESTMENT CORPORATION,  
a Delaware corporation

By: [Signature]  
Name: GARY MEATEE  
Title: V. PRESIDENT

CURRENT OWNERS:

T. D. MURPHY CONSTRUCTION COMPANY, INC.

By: [Signature]  
T. D. Murphy, President

HOMES BY DAN DUNN, INC.

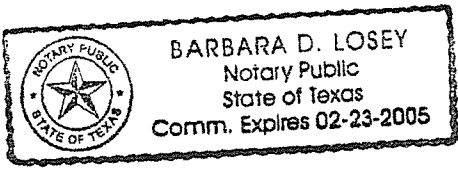
By: [Signature]  
Dan Dunn, President

CHRIS THOMAS CUSTOM HOMES, INC.

By: [Signature]  
Chris Thomas

THE STATE OF TEXAS §  
COUNTY OF DALLAS §

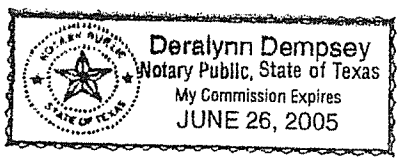
This instrument was acknowledged before me on the 15<sup>th</sup> day of June, 2001, by Gary Macstee, as Vice-President of LUMBERMEN'S INVESTMENT CORPORATION, a Delaware corporation, on behalf of said corporation.



Barbara D. Losey  
Notary Public, State of Texas

THE STATE OF TEXAS §  
COUNTY OF Hood §

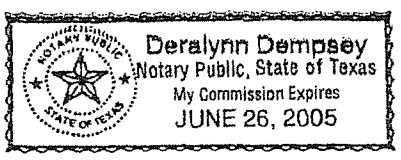
This instrument was acknowledged before me on the 18<sup>th</sup> day of June, 2001, by T. D. Murphy, President of T. D. Murphy Construction Company, Inc., on behalf of said corporation.



Deralynn Dempsey  
Notary Public, State of Texas

THE STATE OF TEXAS §  
COUNTY OF Hood §

This instrument was acknowledged before me on the 18<sup>th</sup> day of June, 2001, by Dan Dunn, President of Homes By Dan Dunn, Inc., on behalf of said corporation.



Deralynn Dempsey  
Notary Public, State of Texas

THE STATE OF TEXAS §  
COUNTY OF Hood §  
§

This instrument was acknowledged before me on the 18<sup>th</sup> day of June, 2001, by Chris Thomas of Chris Thomas Custom Homes, Inc., on behalf of said corporation.

Deralynn Dempsey  
Notary Public, State of Texas

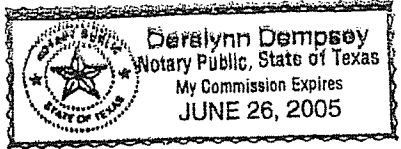


EXHIBIT "A-1"

BEING a 4.239 acre tract of land in the James C. Armstrong Survey, Abstract No.3, situated in the City of Granbury, Hood County, Texas, said tract also being a portion of that tract conveyed to Lumbermen's Investment Corporation by deed recorded in Volume 1611, Page 383 of the Deed Records of Hood County, Texas (DRHCT), and also being a portion of that tract conveyed to Lumbermen's Investment Corporation by deed recorded in Volume 1611, Page 362 of the DRHCT, said 4.239 acre tract being more particularly described as follows:

Commencing at a 5/8" iron pin found on the northerly right-of-way line of Water's Edge Drive (50' ROW), said iron pin also being the original easterly northeast corner of Water's Edge, an addition to the City of Granbury, Hood County, Texas as recorded in Cabinet A, Slide 282 of the Plat Records of Hood County, Texas (PRHCT), said iron pin also being the southeast corner of said tract conveyed to Lumbermen's Investment Corporation by deed recorded in Volume 1611, Page 383 DRHCT; THENCE along the said northerly right-of-way line of Water's Edge Drive and a circular curve to the right having a radius of 542.50 feet, a central angle of  $04^{\circ}31'30''$ , a chord length of 42.83 feet and a chord bearing of  $S 88^{\circ}37'31'' W$ , an arc distance of 42.84 feet to a capped 1/2" iron pin set at the Point of Beginning of the herein described tract;

THENCE continuing along the said northerly right-of-way line of Water's Edge Drive and a circular curve to the right having a radius of 542.50 feet, a central angle of  $06^{\circ}12'47''$ , a chord length of 58.80 feet and a chord bearing of  $N 86^{\circ}00'21'' W$ , an arc distance of 58.83 feet to a capped 1/2" iron pin set;

THENCE  $N 83^{\circ}00'02'' W$  along the said northerly right-of-way line of Water's Edge Drive, a distance of 280.03 feet to a capped 1/2" iron pin set, said pin also being the Point of Curvature of a circular curve to the right having a radius of 572.50 feet and a central angle of  $52^{\circ}59'42''$  and being subtended by a chord which bears  $N 56^{\circ}32'00'' W$ , 510.85 feet;

THENCE along the said northerly right-of-way line of Water's Edge Drive and said curve to the right, a distance of 529.53 feet to a capped 1/2" iron pin set;

THENCE  $N 30^{\circ}03'50'' W$  along the said northerly right-of-way line of Water's Edge Drive, a distance of 184.43 feet to a 5/8" iron pin found, said pin also being the Point of Curvature of a circular curve to the right having a radius of 470.94 feet and a central angle of  $31^{\circ}47'52''$  and being subtended by a chord which bears  $N 14^{\circ}10'36'' W$ , 258.02 feet;

THENCE along the said northerly right-of-way line of Water's Edge Drive and along said curve to the right, a distance of 261.36 feet to a capped 1/2" iron pin set;

THENCE  $S 88^{\circ}16'40'' E$  departing the said northerly right-of-way line of Water's Edge Drive, a distance of 155.00 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent circular curve to the left having a radius of 315.94 feet and a central angle of  $31^{\circ}47'52''$  and being subtended by a chord which bears  $S 14^{\circ}10'36'' E$ , 173.10 feet;

THENCE along said curve to the left, a distance of 175.34 feet to a capped 1/2" iron pin set;

THENCE S 30°03'50" E, a distance of 184.54 feet to a capped 1/2" iron pin set, said pin also being the Point of Curvature of a circular curve to the left having a radius of 417.50 feet and a central angle of 52°59'42" and being subtended by a chord which bears S 56°32'00" E, 372.54 feet;

THENCE along said curve to the left, a distance of 386.16 feet to a capped 1/2" iron pin set;

THENCE S 83°00'02" E, a distance of 280.39 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a circular curve to the left having a radius of 387.50 feet and a central angle of 06°12'47" and being subtended by a chord which bears S 86°00'21" E, 42.00 feet;

THENCE along said curve to the left, a distance of 42.02 feet to a capped 1/2" iron pin set;

THENCE S 00°53'16" W, a distance of 155.00 feet to the Point of Beginning and containing 184,653 square feet or 4.239 acres of land, more or less.



EXHIBIT "A-2"

Block 1, Lot 11 of Harbor Lakes Phase 1A, an addition to the City of Granbury, Hood County, Texas, according to the plat recorded at Slide B-130 of the Plat Records of Hood County, Texas.

Block 1, Lot 12 of Harbor Lakes Phase 1A, an addition to the City of Granbury, Hood County, Texas, according to the plat recorded at Slide B-130 of the Plat Records of Hood County, Texas.

Block 1, Lot 13 of Harbor Lakes Phase 1A, an addition to the City of Granbury, Hood County, Texas, according to the plat recorded at Slide B-130 of the Plat Records of Hood County, Texas.

Harbor Lakes Phase 1B  
Exhibit "A-3"

Owner's Certificate

WHEREAS, Lumbermen's Investment Corporation is the owner of a 4.216 acre tract of land in the James C. Armstrong Survey, Abstract No.3, situated in the City of Granbury, Hood County, Texas, said tract also being a portion of that tract conveyed to Lumbermen's Investment Corporation by deed recorded in Volume 1611, Page 383 of the Deed Records of Hood County, Texas (DRHCT), and also being a portion of that tract conveyed to Lumbermen's Investment Corporation by deed recorded in Volume 1611, Page 362 of the DRHCT, said 4.216 acre tract being more particularly described as follows:

Beginning at a 5/8" iron pin found on the northerly right-of-way line of Water's Edge Drive (50' ROW), said iron pin also being the original easterly northeast corner of Water's Edge, an addition to the City of Granbury, Hood County, Texas as recorded in Cabinet A, Slide 282 of the Plat Records of Hood County, Texas (PRHCT), said iron pin also being the southeast corner of said tract conveyed to Lumbermen's Investment Corporation by deed recorded in Volume 1611, Page 383 DRHCT; THENCE along the said northerly right-of way line of Water's Edge Drive and a circular curve to the right having a radius of 542.50 feet, a central angle of 04°31'30", a chord length of 42.83 feet and a chord bearing of S 88°37'31" W, an arc distance of 42.84 feet to a capped 1/2" iron pin set;

THENCE N 00°53'16" E, a distance of 155.00 feet to a capped 1/2" iron pin set, said pin also being the Point of Curvature of a circular curve to the left having a radius of 387.50 feet, a central angle of 37°37'18" and being subtended by a chord which bears N 72°04'37" E, 249.89 feet;

THENCE along said curve to the left a distance of 254.44 feet to a capped 1/2" iron pin set;

THENCE N 53°15'58" E, a distance of 50.00 feet to a capped 1/2" iron pin set, said pin also being the Point of Curvature of a circular curve to the right having a radius of 690.00 feet, a central angle of 18°51'27" and being subtended by a chord which bears N 62°41'41" E, 226.07 feet;

THENCE along said curve to the right a distance of 227.10 feet to a capped 1/2" iron pin set;

THENCE N 72°07'25" E, a distance of 50.00 feet to a capped 1/2" iron pin set, said pin also being the Point of Curvature of a circular curve to the left having a radius of 335.00 feet, a central angle of 48°12'01" and being subtended by a chord which bears N 48°01'24" E, 273.58 feet;

THENCE along said curve to the left a distance of 281.82 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a non-tangent reverse circular curve to the right

which bears N 19°19'04" E, 149.27 feet;

THENCE along said curve to the right a distance of 153.91 feet to a point;  
THENCE N 52°46'17" E, a distance of 56.05 feet to a point;

THENCE N 70°03'30" E, a distance of 52.15 feet to a point;

THENCE S 82°28'20" E, a distance of 111.40 feet to a point;

THENCE S 24°39'00" W, a distance of 127.94 feet to a capped 1/2" iron pin set, said pin also being the Point of Curvature of a non-tangent circular curve to the left having a radius of 50.00 feet, a central angle of 176°27'06" and being subtended by a chord which bears S 26°25'27" W, 99.95 feet;

THENCE along said curve to the left a distance of 153.98 feet to a capped 1/2" iron pin set, said pin also being the Point of Curvature of a circular curve to the right having a radius of 490.00 feet, a central angle of 52°36'40" and being subtended by a chord which bears S 45°49'05" W, 434.30 feet;

THENCE along said curve to the right a distance of 449.94 feet to a capped 1/2" iron pin set;

THENCE S 72°07'25" W, a distance of 50.00 feet to a capped 1/2" iron pin set, said pin also being the Point of Curvature of a circular curve to the left having a radius of 535.00 feet, a central angle of 18°51'27" and being subtended by a chord which bears S 62°41'41" W, 175.29 feet;

THENCE along said curve to the left a distance of 176.08 feet to a capped 1/2" iron pin set;

THENCE S 53°15'58" W, a distance of 50.00 feet to a capped 1/2" iron pin set, said pin also being the Point of Curvature of a circular curve to the right having a radius of 542.50 feet, a central angle of 33°05'48" and being subtended by a chord which bears S 69°48'52" W, 309.03 feet;

THENCE along said curve to the right a distance of 313.37 feet to the Point of Beginning and containing 183,650 square feet or 4.216 acres of land, more or less.

THENCE S 86°05'02" E, a distance of 309.99 feet to a capped 1/2" iron pin set, said iron pin also being the Point of Curvature of a circular curve to the right having a radius of 65.00 feet, a central angle of 92°53'11" and being subtended by a chord which bears S 39°36'39" E, 94.21 feet;

THENCE along said curve to the right, a distance of 105.38 feet to a capped 1/2" iron pin set;

THENCE S 83°09'27" E, a distance of 70.78 feet to a capped 1/2" iron pin set, said iron pin also being on the shoreline of Lake Granbury;

THENCE S 06°50'47" W along the shoreline of Lake Granbury, a distance of 28.67 feet to a 1/2" iron pin found;

THENCE S 59°05'16" E along the shoreline of Lake Granbury, a distance of 17.23 feet to a capped 1/2" iron pin set;

THENCE S 00°13'06" W along the shoreline of Lake Granbury, a distance of 48.50 feet to a 1/2" iron pin found;

THENCE S 15°21'43" W along the shoreline of Lake Granbury, a distance of 41.16 feet to a capped 1/2" iron pin set;

THENCE S 21°13'27" W along the shoreline of Lake Granbury, a distance of 183.94 feet to a 1/2" iron pin found;

THENCE S 10°20'50" E along the shoreline of Lake Granbury, a distance of 107.28 feet to a capped 1/2" iron pin set;

THENCE S 30°46'51" W along the shoreline of Lake Granbury, a distance of 49.81 feet to a capped 1/2" iron pin set;

THENCE S 31°36'31" W along the shoreline of Lake Granbury, a distance of 72.50 feet to a capped 1/2" iron pin set;

THENCE S 49°25'38" W along the shoreline of Lake Granbury, a distance of 38.07 feet to a capped 1/2" iron pin set;

THENCE S 38°53'12" W along the shoreline of Lake Granbury, a distance of 57.78 feet to a capped 1/2" iron pin set;

THENCE S 30°37'27" W along the shoreline of Lake Granbury, a distance of 49.55 feet to a capped 1/2" iron pin set;

THENCE S 38°10'29" W along the shoreline of Lake Granbury, a distance of 60.38 feet to a capped 1/2" iron pin set;

THENCE S 48°47'51" W along the shoreline of Lake Granbury, a distance of 65.76 feet to a capped 1/2" iron pin set;

THENCE S 51°33'26" W along the shoreline of Lake Granbury, a distance of 47.60 feet to a capped 1/2" iron pin set;

THENCE S 49°09'19" W along the shoreline of Lake Granbury, a distance of 66.52 feet to a capped 1/2" iron pin set;

THENCE S 54°53'15" W along the shoreline of Lake Granbury, a distance of 92.96 feet to a capped 1/2" iron pin set;

THENCE S 64°22'14" W along the shoreline of Lake Granbury, a distance of 85.17 feet to a capped 1/2" iron pin set;

THENCE S 60°11'05" W along the shoreline of Lake Granbury, a distance of 64.93 feet to a capped 1/2" iron pin set;

THENCE S 59°23'10" W along the shoreline of Lake Granbury, a distance of 57.50 feet to a capped 1/2" iron pin set;

THENCE S 70°58'27" W along the shoreline of Lake Granbury, a distance of 61.60 feet to a capped 1/2" iron pin set;

THENCE S 55°13'30" W along the shoreline of Lake Granbury, a distance of 92.41 feet to a capped 1/2" iron pin set;

THENCE S 56°59'40" W along the shoreline of Lake Granbury, a distance of 44.43 feet to a capped 1/2" iron pin set;

THENCE S 61°38'54" W along the shoreline of Lake Granbury, a distance of 56.30 feet to a capped 1/2" iron pin set;

THENCE S 69°40'50" W along the shoreline of Lake Granbury, a distance of 167.62 feet to a capped 1/2" iron pin set;

THENCE S 84°16'04" W along the shoreline of Lake Granbury, a distance of 48.74 feet to a capped 1/2" iron pin set;

THENCE S 52°54'31" W along the shoreline of Lake Granbury, a distance of 56.50 feet to a capped 1/2" iron pin set;

THENCE S 69°11'51" W along the shoreline of Lake Granbury, a distance of 59.12 feet to a capped 1/2" iron pin set;

THENCE S 72°52'47" W along the shoreline of Lake Granbury, a distance of 66.04 feet to a capped 1/2" iron pin set;

THENCE S 79°24'24" W along the shoreline of Lake Granbury, a distance of 66.39 feet to a capped 1/2" iron pin set;

THENCE S 89°33'59" W along the shoreline of Lake Granbury, a distance of 59.74 feet to a capped 1/2" iron pin set;

THENCE S 86°40'18" W along the shoreline of Lake Granbury, a distance of 60.68 feet to a capped 1/2" iron pin set;

THENCE S 85°22'24" W along the shoreline of Lake Granbury, a distance of 67.56 feet to a capped 1/2" iron pin set;

THENCE S 77°12'26" W along the shoreline of Lake Granbury, a distance of 9.33 feet to a capped 1/2" iron pin set, said iron pin also being the northwest corner of said Water's Edge;

THENCE N 10°52'19" E departing the shoreline of Lake Granbury and along the north line of said Water's Edge, a distance of 18.80 feet to a 1/2" iron pin found;

THENCE N 03°05'31" W along the north line of said Water's Edge, a distance of 598.17 feet to the Point of Beginning and containing 1,116,412 square feet or 25.629 acres of land, more or less.

1755 0777  
VOL. PG.

After Recording  
Please Return to:  
Lumbermen's Investment Corp.  
5495 Beltline Rd. # 225  
Dallas, TX 75240  
ATTN: Barbara Losey

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under Federal law.  
STATE OF TEXAS COUNTY OF HOOD  
I hereby certify that this instrument was filed on the date and at the time stamped herein by me and was duly RECORDED in the OFFICIAL PUBLIC RECORDS OF HOOD COUNTY TEXAS, in the Volume and Page as shown hereon.

FILED FOR RECORD  
AT 12:00 P M.

JUN 18 2001



*Sally Gubre*  
SALLY GUBRE, County Clerk  
HOOD COUNTY, TEXAS

*Sally Gubre*  
County Clerk, Hood County, TX

RECEIVED JUN 28 2001