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THE STATE OF TEXAS §
§
COUNTY OF NACOGDOCHES §

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR THE BLUFFS AT MILL BRANCH**

KNOW ALL MEN BY THESE PRESENTS:

This declaration of covenants, conditions, and restrictions for The Bluffs at Mill Branch is made by HGT Group, LP, "Declarant", acting by its general partner, Middlebrook Management, LLC, for the purposes herein set forth as follows:

PREAMBLE AND DECLARATION:

WHEREAS, Declarant desires to develop a Residential Subdivision upon land it owns within the County of Nacogdoches, said land being out of the NATHAN ALLEN SURVEY, A-61, the ASA DOSSETT SURVEY, A-182, and the C. G. JUDKINS SURVEY, A-309, of Nacogdoches County, Texas, comprised of two tracts of 31.96 acres and 14.94 acres, particularly described and delineated on the plat of The Bluffs at Mill Branch Subdivision recorded in Volume 10, Page 76 of the Plat Records of Nacogdoches County, Texas; and

WHEREAS, Declarant has submitted and received approval from the Commissioner's Court of the County of Nacogdoches for its Subdivision Plat of the said Subdivision to be known as "The Bluffs at Mill Branch"; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values of the Community (The Bluffs at Mill Branch) and for the administration and maintenance of Common Areas of the Community to subject and bind the property owners within the Community to the jurisdiction and assessment of The Bluffs at Mill Branch Property Owner's Association with the power and duty to maintain and administer the Common Area of the Community and the power to administer and enforce the covenants and restrictions and to collect and disburse the assessments so created; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values of Lots in the Subdivision to subject and bind certain of the Lots in the Subdivision to the jurisdiction and assessment of The Bluffs at Mill Branch Property Owner's Association with the power and duty to maintain and administer the Common Area of the Subdivision and the power to administer and enforce the covenants and restrictions and to collect and disburse the assessments and charges hereinafter created; and

NOW, THEREFORE, Declarant declares that the Lots within the Subdivision described below, and such phases or additions thereto as may hereinafter be made, is and shall be held, transferred, sold, conveyed, occupied, and enjoyed subject to the following covenants, restrictions, easements, charges, and liens hereinafter set forth and shall hereafter be subject to the jurisdiction and assessments The Bluffs at Mill Branch Property Owner's Association.

ARTICLE I PURPOSE

The Bluffs at Mill Branch is encumbered by this Declaration of Covenants, Conditions, and Restrictions for the following reasons: to ensure the best and highest use and most appropriate development of the property; to protect lot owners against improper use of surrounding lots; to preserve so far as practicable the natural beauty of the property; to guard against the erection of poorly designed or proportioned structures of improper or unsuitable materials; to encourage and secure the erection of attractive improvements on each lot with appropriate locations; to secure and maintain proper setbacks from streets and adequate free space; to develop utilities in a uniform manner, and, in general, to provide for development of the highest quality to enhance the value of investments made by Owners of Lots in the Subdivision.

ARTICLE II DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Association" means The Bluffs at Mill Branch Property Owner's Association, a Texas non-profit organization, its successors and assigns as provided for herein, which has the power, duty, and responsibility of maintaining and administering the Common Area and administering and enforcing the restrictive covenants contained in this Declaration and any Amended or Supplemental Declaration. The Association is a "property owners association" as that term is defined in Texas Property Code §202.001(2).

(b) "Properties" means the properties collectively known as The Bluffs at Mill Branch and additions thereto, as are subject to this Declaration or any Amended or Supplemental Declaration.

(c) "Lot" means any of the parcels or tracts of land as delineated on the The Bluffs at Mill Branch Subdivision Plat and being numbered 1 through 42, inclusive.

(d) "Subdivision Plat" means the map or plat of The Bluffs at Mill Branch, filed for record in Volume 10, Page 76 of the Plat Records of Nacogdoches County, Texas and any amendment thereof upon filing of same for record in the Plat Records of Nacogdoches County, Texas.

(e) "Living Unit" means a single-family residence and its garage situated on a lot.

(f) "Single Family" means a group related by blood, adoption, or marriage or a number of unrelated persons equal to the number of bedrooms in a Living Unit.

(g) "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot or portion of a Lot, within the Properties, including record owners who are under contractual obligation to sell a Lot or portion of a Lot.

(h) "Declarant" means HGT Group, LP, its successors or assigns who are designated as such in writing by 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. No person or entity purchasing one or more Lots from HGT Group, LP in the ordinary course of business shall be considered a "Declarant".

(i) "Common Area" means all real and personal property leased, owned, or maintained by the Association for the common use and benefit of the Members of the Association, including property located outside the lands described in the Subdivision Plat acquired or dedicated in the future. Common Area also includes any entrance monuments, security gates, drainage facilities, and detention ponds, esplanade and right-of-way landscaping, any improvement areas lying within indicated public easements or rights-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, safety lanes, and other areas not comprised of residential lots (Lot No.s 1-42, inclusive) as shown on the Subdivision Plat.

(j) "Resident" means each Owner who resides within the Properties, a bona fide lessee who has an enforceable lease agreement with an Owner and who resides on the Properties, and any individual who is otherwise lawfully domiciled in a Living Unit.

(k) "Member" means an Owner who is a member of the Association as provided herein.

(l) "Board of Directors" and "Board" means the Board of Directors of The Bluffs at Mill Branch Property Owner's Association, the election and procedures of which shall be as set forth in the Articles of Incorporation and By-Laws of the Association. The Board of Directors shall be the elected body having its normal meaning under the Texas nonprofit corporate law.

(m) "ARC" and "Architectural Review Committee" means the Architectural Review Committee of The Bluffs at Mill Branch Property Owner's Association.

(n) "Declaration" means this Declaration of Covenants, Conditions, and Restrictions for The Bluffs at Mill Branch and any amendments and supplements hereto made in accordance with the terms hereof.

ARTICLE III PROPERTY RIGHTS

Every Owner shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any facility now or hereafter situated or constructed upon the Common Area and to impose reasonable limits on the number of guests who may use the facilities;

(b) the right of the Association to suspend an Owner's voting rights and the Owner's right to use any facility for any period during which any assessment of the Association against that Owner's Lot remains unpaid, and for infractions by an Owner of the restrictive covenants contained in this Declaration and/or the Association's rules and regulations for the duration of the infraction;

(c) the right of the Association to grant easements in and to the Common Areas to any public agency, authority, or utility for such purposes as benefits the Properties or portions thereof and Owners of Lots contained therein;

(d) the right of the Association to borrow money for the purposes of improving the Common Area, or any portion thereof, for acquiring additional Common Area, or for constructing, repairing, or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a mortgage conveying all or any portion of the Common Area, provided two-thirds (2/3) of each Class of members present at a meeting called for such purpose shall approve of the Association borrowing for such permitted purposes, provided, however, the lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any and all rights, interests, options, easements, and privileges reserved or established in this Declaration for the benefit of Declarant or Owner, or the holder of any mortgage, irrespective of when executed, given by Declarant or any Owner encumbering any Lot or other property located within the Subdivision;

(e) the right of the Association to dedicate or transfer all or any portion of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such

dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by at least two-thirds (2/3) of the votes of the Class A members of the Association which are present or represented by proxy are entitled to cast a vote at a meeting duly called for such purpose, and by the Class B member so long as the Class B membership classification shall exist; and

(f) the right of the Association to prescribe rules and regulations as they may be expanded, amended, or otherwise modified. Each Owner, by acceptance of a deed, acknowledges and agrees that the use, enjoyment, and marketability of the Owner's Lot may be affected by this provision and that the rules and regulations may change from time to time. The Board shall have the authority to enforce the rules and regulations by all appropriate means, including but not limited to injunctions and the imposition of fines, if notice and an opportunity to be heard are given. A member found to have violated the rules and regulations shall be liable to the Association for all damages and costs, including reasonable attorney's fees, arising from a violation by the Owner of said rules and regulations.

ARTICLE IV
ARCHITECTURAL REVIEW

In order to protect the overall integrity of the development of the Subdivision, as well as the value of improvements of all Owners, a committee of representatives designated as the Architectural Review Committee, is hereby established to carry out all duties set forth herein with full authority to approve, disapprove, and control all construction, development, and improvement activities of any kind (including, without limitation, structures, buildings, hardscape, and landscape) within the Subdivision and to insure that all such activities are constructed in a good, workmanship-like manner and in accord with standard industry trade practices, and to insure that all improvements are architecturally, aesthetically, and ecologically designed to be compatible with Declarant's conceptual plan for the overall Subdivision.

NO BUILDING, STRUCTURE, FENCE, RESIDENCE, HOUSE, GARAGE, ACCESSORY BUILDING, OUTBUILDING, RETAINING WALLS, BULKHEADS, BOATDOCKS, PIERS, OR CONSTRUCTION OF ANY KIND SHALL BE ERECTED, PLACED, CONSTRUCTED, MAINTAINED, OR MODIFIED, NOR SHALL ANY SITE PREPARATION BEGIN UNTIL A COMPLETE SET OF PLANS AND SPECIFICATIONS SHALL HAVE BEEN FORMALLY SUBMITTED TO THE ARC AND THE ARC'S WRITTEN APPROVAL HAS BEEN RECEIVED BY THE OWNER. Plans and specifications which are submitted shall contain and include, but not necessarily be limited to, the following information: floor plans, including finished floor and ground elevations; exterior elevations for any buildings, fence or other structure; exterior lighting and location; and any other plans, specifications, or information deemed pertinent by the Architectural Review Committee and/or Declarant.

The Architectural Review Committee shall review all plans, specifications, and other information which is submitted for compliance with all the requirements of this covenant and for the compatibility of any contemplated improvements therein with the architectural, aesthetic, and ecological goals of the Subdivision and Declarant, it being the intent that such goals require that all improvements be compatible with all other improvements in the Subdivision and that they be in harmony with their natural surroundings. The ARC shall have full right and authority to utilize its sole discretion in approving or disapproving any plans and specifications that are submitted. In the event the ARC fails to approve submitted plans or to request additional information reasonably required within thirty (30) days after submission, the applicant shall give the ARC written notice of its failure to respond. Unless the ARC responds within ten (10) days of receipt of such notice, approval will be deemed granted.

The Architectural Review Committee may disapprove the construction or design of any improvement on purely aesthetic grounds where, in its sole judgment, such disapproval is required to protect the continuity of design or value of the Subdivision, or to preserve the serenity and natural beauty of any surroundings. Prior approval and/or disapproval of the ARC pertaining to any improvement activities or regarding matters of design or aesthetics shall not be deemed binding upon the ARC for later requests for approval if the ARC determines in its sole discretion, that the repetition of such matters will have an adverse effect on the Subdivision. The Architectural Review Committee shall have the express power to construe and interpret any covenant herein that may be capable of more than one construction.

The ARC shall have the authority to employ professional consultants at the expense of the Association to assist it in performance of its duties. The decision of the Architectural Review Committee shall be final, conclusive, and binding upon the applicant. The ARC members shall not be entitled to any compensation for any services rendered pursuant to this covenant.

Except in instances in which exercise of discretionary authority by the ARC is arbitrary, capricious, or discriminatory, members of the ARC shall not be individually liable to any person (including Owners and builders) who possesses or claims any benefits of this Declaration and the covenants contained herein for any damage arising out of their acts hereunder, including without limitation injuries to property, breach of contract, negligence, infliction of emotional distress, pain and suffering of any kind, nor shall the ARC or its members, collectively, be held liable or responsible for any such damages.

Declarant shall decide the number and initial ARC members. So long as there is a Class B membership, in the event of the death or resignation of any member of the ARC, Declarant shall have full power and authority to appoint a successor committee member or members, chosen in its sole discretion, with like authority. Upon the expiration of the Class B membership, the Board of Directors of the Association shall appoint the members of the ARC, which shall consist of at least three (3) but no more than five (5) members.

ARTICLE V
RESTRICTIVE COVENANTS FOR USE OF LOTS

A. Single Family Residential Purpose. All Lots in the Subdivision shall be used for single family residential purposes. No business may be operated out of a residence, whether for profit or nonprofit which attracts vehicular or pedestrian traffic to the Lot. Garage or yard sales shall be limited to two designated weekends each year as determined by the Association except that an owner may have one moving sale within fourteen days of moving. No building or structure intended for or adapted to business or commercial use shall be constructed or maintained on any Lot. No hobby may be conducted on any Lot which attracts excessive vehicular or pedestrian traffic to the Lot.

1. Subdivision of Lots. No Lot shall be further subdivided, and no portion, less than all of any Lot or any easement or other interest therein, except for an interest securing the payment of a debt, shall be conveyed by any Owner without the prior written authorization and approval of the Declarant.

2. Construction and Sales Period. During the construction and sales period of the initial Living Units, Declarant or builder member may erect and maintain such structures as are customary in connection with such construction and sale of such property, including, but not limited to storage facilities, signs and construction trailer.

3. Approval of Construction Plans. No building will be erected, placed, remodeled, repainted or altered on any Lot until the construction plans showing the location of the structure have been approved by the ARC as to quality of workmanship and materials, harmony of external design with existing structures, and location with respect to topography and finish grade elevation

4. Construction Period. No Living Unit or other structure shall remain incomplete for more than twelve (12) months after construction has commenced.

5. Leases. Living Units may be leased for a period of no less than one (1) year. All leases must be in writing. The lease of a Living Unit shall not discharge the Owner from compliance with any of the obligations and duties as an Owner. Owners shall provide lessees with a copy of this Declaration, and the By-laws and the rules and regulations of the Association. All the provisions of this Declaration, Certificate of Formation, Bylaws, Design Guidelines, and rules and regulations of the Association shall be applicable and enforceable against any Resident (as defined herein) to the same extent as against an Owner. Any lease or rental agreement shall be deemed to be subject to the documents of the Association by reference without the necessity of specific reference to them, and they shall bind the tenant to their terms and conditions.

B. Garages. Every Living Unit shall have and maintain a garage or carport constructed and designed with the residence large enough to accommodate under roof a minimum of two (2) full-sized automobiles. Each Owner, Member, or Resident shall refrain from performing repairs or maintenance to any vehicle outside of the garage or visible from the street. Vehicles shall not be parked on any non-paved portion of any Lot.

C. Accessory Buildings. Every accessory building and/or structure, including without limitation structures used or intended as a storage building, boat house, dock, gazebo, spa, greenhouse or children's playhouse, shall be compatible with the Living Unit to which it is appurtenant in terms of its design and material composition. All such accessory buildings shall be subject to the approval of the ARC.

D. Building Materials. The exterior walls of all Living Units shall be constructed with a minimum of 50% exterior masonry. The minimum masonry percentage shall apply to the aggregate area of all exterior walls including chimneys but excluding doors, windows and similar openings. Masonry includes brick, brick veneer, stone, stone veneer, stucco and rock. Exterior materials must be approved as to type and color by the ARC.

Roofing shall be slate, tile, factory fire treated wood, or a minimum 25 year laminated composition shingle, or other materials as approved by the ARC. The ARC must approve the color and texture of roofing materials.

All fireplace flues and smoke stacks shall be enclosed and concealed from public view within finished chimneys or with materials architecturally compatible with the finish material of the exterior walls of the dwelling or otherwise approved by the ARC.

E. Height Restriction. No building or structure erected, altered, or placed on, within, or in the Properties shall exceed three (3) standard stories in height without specific prior approval of the ARC.

F. Roof Pitch. All Living Units shall have a pitch roof, with not less than a 6/12 pitch on any portion of the roof visible from the street, unless otherwise approved by the ARC.

G. Minimum Floor Space. The main residence building of each Living Unit constructed on a Lot shall contain a minimum of two thousand (2,000) square feet of heated and cooled floor space as measured to the outside walls, being exclusive of open or screened porches, terraces, patios, driveways, garages, and accessory buildings.

H. Setbacks. No building or Living Unit shall be located on any Lot nearer than fifty (50) feet to the edge of the road surface in front of the lot. No building or Living Unit shall be located nearer to a side lot line than twenty (20) feet.

The ARC may permit a variance in the front or side minimum setback requirements or increase the setback requirements on any Lot in the Subdivision, when in

the opinion of the ARC such variance or increase is necessary in order to develop a particular Lot or if such variance or increase will add to the appearance and value of the Lot, and will not have a detrimental effect on the Subdivision. The ARC may establish additional setback requirements for other structures, as it deems appropriate.

For the purpose of this covenant, eaves, steps, stoops, and open porches, shall not be considered as part of a building.

I. Fences. All fences shall be of the following composition: all masonry, brick, chain link (black or brown only), wood or other material approved by the ARC. No barbed wire, hog wire, or similar wire or metal fence is permitted. Fences and walls shall not exceed four (4) feet in height. The ARC must approve all fence and wall materials, heights and locations.

The ARC is empowered to grant variances to the aforesaid composition requirements for fences and the aforesaid height or setback limitation in connection with retaining walls.

J. Driveways. Driveways on each residential Lot must be constructed of concrete being a minimum of four inches (4") thick and having reinforcement of a minimum six inch number six gauge welded wire or they may be constructed of asphalt. Each driveway must accommodate a minimum of two (2) vehicles in front of the garage for off-street parking requirements. Driveways must be completed prior to residence being occupied.

K. Temporary structures. No structure of a temporary character (sales structure, trailer, tent, shack, garage, barn or other accessory buildings) shall be used on any Lot at any time for storage or as a residence, either temporarily or permanently. No prefabricated dwelling or building previously constructed elsewhere may be placed or maintained on any Lot. No modular, manufactured, prefabricated or mobile home, whether or not the wheels have been removed, may be placed or maintained on any Lot.

L. Signs. No signs, banners, or pennants of any kind shall be displayed to the public view on any Single-Family residential Lot except one (1) professional sign of not more than five (5) square feet advertising the property for lease or sale, political signs thirty days prior to elections, a sign advertising a garage or yard sale during the time allotted for such sale as specified in Article V, Part A, or signs used by Declarant or Builder Member to advertise the property during the construction and sales period.

M. Environmental Maintenance. All improved yards and lawns shall be kept neat, watered, and well maintained, and all grass, weeds, and vegetation on each Lot shall be kept mowed at regular intervals. Trees, shrubs, vines, and plants which die shall be promptly removed from each Lot and replacements of equal quality or value promptly installed. Lawns must be properly maintained [maintained not to exceed six inches (6") in height] and fences must be repaired and maintained and no objectionable or unsightly usage of Lots will be permitted which is visible to public view. Building materials shall

not be stored in public view on any Lot, and any excess materials not needed for construction and any building refuse shall promptly be removed from each Lot.

Until a Living Unit is built on a Lot, Declarant or the Association may, at its option, have the grass, weeds, and vegetation cut when and as often as the same is necessary in its judgment, and have dead trees, shrubs, and plants removed therefrom. Declarant or the Association may also at its option, remove any excess building materials or building refuse situated on a Lot in violation of this covenant. The Owner or Builder Member of any Lot shall be obligated to reimburse Declarant or the Association for the cost of such maintenance or removal upon demand, after notice and an opportunity to comply has been afforded the Owner under Article X, C. below.

Front and side yards shall be fully sodded with grass to the extent visible from the street, exclusive of landscaped areas, within sixty (60) days of substantial completion of construction. Cuts into natural grade visible from the street are to be faced with masonry, sod, or landscaping. Allowances may be made for areas left in their natural state depending upon their appearance, and subject to the express approval of the ARC.

The Bluffs at Mill Branch is a forest friendly subdivision. To whatever extent possible, all lot owners are encouraged to save as many native trees as possible. There is further extended to all lots within the subdivision a requirement that at least three (5) native trees per lot of at least eight (8) inches in diameter at breast height must be retained and protected. Removal of more than (5) trees requires written approval from the ARC. All care should be given to keep the road free of mud and debris during the removal of trees. Owners are responsible for damage to the road and other infrastructure caused by the removal of trees.

N. Vehicles. No trailer, motor home, tent, boat, marine craft, hovercraft, aircraft, recreational vehicle, camper body, travel trailer, truck larger than a one (1) ton pick-up (except those used by a Builder Member during the construction of improvements), or wrecked, junked, or inoperable vehicle shall be kept, parked, stored, or maintained on any street, Common Area, any portion of the front yard area of a Lot or side yard area of a corner Lot, nor shall be kept, parked, stored, or maintained on other portions of the Lot, unless in an enclosed structure or in a screened area which prevents the view thereof from any Lots or dwelling and streets. No stripped down, wrecked, junked or inoperable trailers, boats, recreational vehicles, or motor vehicles shall be kept, parked, stored, or maintained on any Lot. No dismantling or assembling of a motor vehicle, boat, trailer, truck or any other machinery or equipment shall be permitted in any driveway or yard adjacent to a street. The ARC shall have the absolute authority to determine from time to time whether a vehicle and/or accessory is operable and adequately screened from public view. Upon an adverse determination by the ARC, the vehicle and/or accessory shall be removed and/or otherwise brought into compliance with this paragraph.

On street parking is restricted to approved deliveries and pick-ups or short-time guests and invitees. Residents shall not park on the street. No vehicle of any size, which transports inflammatory or explosive cargo, may be kept in the Subdivision at any time.

O. Offensive Activities. No obnoxious or offensive activity shall be carried on upon any Lot or Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Owners, Properties, or the Subdivision.

No exterior lighting shall be installed or maintained on a Lot where the light source is offensive or a nuisance to other Owners or Lots (reasonable security and landscape lighting is permitted with the approval of the ARC).

P. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, and other waste shall be kept in sanitary containers. No trash, ashes, or other refuse may be thrown or dumped on any vacant Lot, park, street, Right of Way, or drainage area in the Properties. No trash or debris may be scattered on a Lot, street or neighboring Lot during construction. No cans, bags, containers or receptacles for the storing or disposal of trash, garbage, refuse, rubble or debris shall be stored, kept, placed, or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage and rubbish and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal, but shall be removed from view before the following day.

Q. Pets. No animals, livestock, poultry, exotic, or dangerous pets of any type that may pose a safety or health threat to the community shall be raised, bred, or kept on any Lot except for cats, dogs, or other generally recognized household pets of a reasonable number provided that they are not kept or maintained for any commercial purposes. Any pet which endangers the health of any owner or occupant of a Lot or which creates a nuisance or an unreasonable disturbance or is not a common household pet, as may be determined by the Board, must be permanently removed from the Subdivision upon seven (7), days written notice by the Board of Directors.

All such animals shall be kept in strict accordance with all local laws and ordinances (including leash laws), and in accordance with all rules established by the Association. IT SHALL BE THE RESPONSIBILITY OF THE OWNERS OF SUCH HOUSEHOLD PETS TO PREVENT THE ANIMALS FROM RUNNING LOOSE OR BECOMING A NUISANCE TO THE OTHER RESIDENTS.

R. Microwave, Radio, TV Antenna and Solar Collectors. No microwave dishes, satellite, radio, citizen band, or television aerial wires or antennas shall be erected or maintained at the front of any dwelling nor shall they be placed upon the roof of any dwelling so as to stand or be supported by that portion of the roof which slopes toward the front Lot line or side Lot line in the case of a corner Lot. No satellite antenna dishes greater than twenty-four inches in diameter shall be erected or maintained. Solar

apparatus, it erected, must be maintained in such a way that it is screened from public view.

S. Air Conditioning Equipment. No window, roof, or wall-type air-conditioner that is visible from any public street shall be used, placed, or maintained on or in any Living Unit. No air-conditioning apparatus shall be installed on the ground in front of a Living Unit.

T. Athletic Facilities. Basketball goals or backboards, skateboard ramps, batting cages, or any other similar sporting equipment of either a permanent or temporary nature may not be placed on the front of any Lot in the Subdivision without the prior written consent of the ARC.

U. Utility and Service Lines. No gas, electric, power, telephone, water, sewer, cable television, or other utility line or structure may be placed, allowed, or maintained upon or above the ground on any Lot, except to the extent, if any, underground placement thereof is prohibited by law or would prevent such utility line or structure from being functional. The foregoing shall not prohibit service pedestals and above ground switch cabinets and transformers where required.

V. Vehicular Access. Vehicular access to all lots is to be made from the streets provided by Declarant and not from any other source of ingress or egress. No Lot shall be used to provide access, ingress, or egress by vehicle or any means other than by foot to property not within the Subdivision, with the exception that the Developer or its assigns may access property adjacent to the subdivision.

W. Clothes Lines. No clothes line shall be constructed placed or erected on any Lot in such a way as to be visible from outside that Lot.

X. Mining. No quarrying or mining operations or mineral extraction of any kind shall be permitted upon or in any Lot, nor shall any type of wells, tanks, tunnels, mineral excavations, or shafts be permitted upon or in any Lot. No derrick or other structure designed for drilling shall be erected, maintained or permitted upon any Lot.

Y. Hunting. All hunting is prohibited in the Subdivision.

Z. Mailboxes. The design, placement, and construction materials of mailboxes must be approved by the ARC.

AA. Improvements constructed on adjacent City owned property. All improvements constructed upon property owned by the City of Nacogdoches adjacent to Lake Nacogdoches are subject to building permits and building codes established and enforced by the City of Nacogdoches. All improvements built upon City property, including without limitation piers, docks, and boathouses, must also be approved in writing by the ARC prior to construction.

ARTICLE VI
EASEMENTS AND ACCESS

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, if any, no structure, planting, fence or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or in the case of drainage easements, which may change or impede the direction of flow of water through drainage channels in such easements. The easement area of each Lot, if any, and all improvements in such area shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible. Neither the Association, Declarant nor any utility company using the easements herein or referred to shall be liable for any damages done by them or their assigns, agents, or employees to shrubbery, lawns, flowers or other similar property of the Owners situated on the land covered by said easements.

There is hereby created a right of ingress and egress across, over, and under the Properties in favor of Declarant and the Association for the sole purpose of installing, replacing, repairing, and maintaining all facilities for utilities, including, but not limited to water, sewer, telephone, cable TV, electricity, gas, and appurtenances thereto.

An easement is hereby extended and acknowledged to all police, fire protection, ambulance, garbage and trash collector pickup vehicles and all similar persons to enter upon the Common Area in performance of their duties.

Each Lot is conveyed subject to all easements, conditions, and reservations shown on the Subdivision Plat and each Owner shall take notice of all such easements, conditions, and reservations. No Owner shall maintain any condition or improvements in any platted easement which will significantly interfere with the intended use of the easement.

Easements for drainage, if any, are reserved as shown on the Subdivision Plat. No Owner of any Lot in the subdivision may perform or cause to be performed any act which would alter or change the course of such drainage easements in a manner that would divert, increase, accelerate, or impede the natural flow of water over and across such easements. More specifically and without limitation, no Owner or resident of a Living Unit may:

(1) alter, change, or modify the existing natural vegetation of the drainage easements in a manner that changes the character of the original environment of such easements;

(2) alter, change, or modify the existing configuration of the drainage easements, or fill, excavate, or terrace such easements, or remove trees or other vegetation therefrom, without the prior written approval of the ARC and the Nacogdoches City Engineer;

(3) construct, erect, or install a fence or other structure of any type or nature within or upon such drainage easements;

(4) permit storage, either temporary or permanent, of any type upon or within such drainage easements; or

(5) place, store, or permit to accumulate trash, garbage, leaves, limbs, or other debris within or upon the drainage easements, either on a temporary or permanent basis.

The failure of any Owner to comply with the provisions of this Article shall in no event be deemed or construed to impose liability of any nature on the Association, ARC, and/or Declarant, and such Committee and/or Declarant shall not be charged with any affirmative duty to police, control, or enforce such provisions.

ARTICLE VII LOT CONSOLIDATION

Any Owner owning two (2) or more adjoining Lots or portions of two or more such Lots may, with the prior approval of the ARC or Declarant, consolidate such Lots or portions thereof into a single building site for the purpose of constructing one (1) residence and such other improvements as are permitted herein, provided, however, the Lot resulting from such consolidation shall bear, and the Owner thereof shall be responsible for, all assessments theretofore applicable to the Lots which are consolidated, and each such building site shall meet, all lawful requirements of any applicable statute, ordinance, or regulation. In the event of approved consolidation of two or more Lots, interior or side building set-back lines may be disregarded or modified as determined by the ARC.

ARTICLE VIII ENFORCEMENT

If the Owner of any Lot, or the owner's heirs, executors, administrators, successors, assigns, or tenants, shall violate or attempt to violate any of the restrictions and covenants set forth in this Declaration, it shall be lawful for the Association, Declarant, or any Owner subject to this Declaration, to prosecute any proceedings against the person or persons violating or attempting to violate any such restrictions and covenants. The failure of any Owner or tenant to comply with any restriction or covenant will result in irreparable damage to Declarant and other Owners of Lots in the Subdivision; thus the breach of any provision of this Declaration may not only give rise to an action for damages at law, but also may be enjoined or may be subject to an action for specific performance in equity in any court of competent jurisdiction. In the event an

action is instituted to enforce the terms hereof or prohibit violations hereof and the party bringing such action prevails, then in addition to any other remedy herein provided or provided by law, such party shall be entitled to recover court costs and reasonable attorney's fees. Neither the Architectural Review Committee, Association, nor Declarant shall be charged with any affirmative duty to police, control, or enforce the terms of this Declaration, and these duties shall be born by and be the responsibility of Lot Owners.

ARTICLE IX
MEMBERSHIP IN THE ASSOCIATION,
VOTING RIGHTS AND REGISTRATION

Every person or entity who is a record Owner of an interest in any Lot is subject to the jurisdiction of the Association and is a Member of the Association.

A. Classes of Membership. The Association has two classes of membership:

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

Class B: The Class B member shall be Declarant who shall be entitled to three (3) votes for each Lot owned. Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier (1) at such time as the Declarant has conveyed and/or dedicated eighty-five percent (85%) or more of the Lots of the Subdivision, or (2) on January 1, 2020.

B. Suspension of Voting Rights All voting rights of an Owner may be suspended by the Board of Directors during any period in which such Owner is delinquent in the payment of any duly established assessment or is otherwise in default and/or violation of the Restrictive Covenants of The Bluffs at Mill Branch or under the Bylaws or rules and regulations of the Association.

C. Temporary Administration. Notwithstanding any provision of this Declaration, until such time as Declarant has sold and conveyed eighty-five percent (85%) of the lots of the subdivision, or the expiration of one hundred and twenty (120) months after the date this Declaration is filed for record, whichever occurs first, Declarant shall have the right, but shall not have the duty, to act as the sole administrator for the government and administration of the affairs of the Association, and during such period of Temporary Administration, Developer shall have the exclusive right to exercise and perform all of the rights, powers,

authority, functions, and duties of the Association if Declarant shall elect to exercise or perform all or any of the same.

ARTICLE X COVENANTS FOR MAINTENANCE ASSESSMENTS

Declarant, for each Lot owned by it within the Properties, hereby covenants, and every Owner of a Lot, by acceptance of a deed thereto, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; (2) special assessments, such assessments to be fixed, established, and collected from time to time as hereinafter provided; and (3) Member Charges levied against individual Owners to reimburse the Association for extra or unusual costs incurred by the Association for curing the Owner's violation of a restrictive covenant contained in this Declaration. The annual and special assessments, together with such interest thereon, reasonable attorney's fees, and costs of collection thereof, as are hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest thereon, reasonable attorney's fees, and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time the obligation accrued.

The assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety, and welfare of the Members, and in particular, for the acquisition, construction, management, care, improvement, maintenance, and operation of Association Property, services, and facilities devoted to this purpose and related to the use and enjoyment of the Association Property by the Members.

A. Annual Assessments. The annual assessments for both improved and unimproved Lots shall be determined by the Board of Directors in the manner provided for herein after determination of current maintenance costs and anticipated needs of the Association during the year for which the assessment is being made. The maximum annual assessment may be adjusted by a majority vote of the Board of Directors, without membership vote, but shall not be increased to more than one hundred and twenty percent (120%) of the prior year's annual assessment. The Association may increase the maximum annual assessment rate by more than the amount specified in the preceding sentence only upon receipt of a two-thirds (2/3) approving vote of the Owners at a meeting called for vote on such a proposed increase. Except for Lots owned by the Declarant, the initial annual assessment for lots is set at two hundred (\$200.00) dollars for each Subdivision Lot.

B. Special Assessments. In addition to the annual assessments provided for above, the Association may levy, in any assessment year, a Special Assessment, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement on or which is a part of the Common

Area, respond to the unusual emergency needs of the Association as may be expected to appear from time to time, or for such other lawful purpose related to the use of the Properties as the Board of Directors or the Owners may determine, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the Lot Owners who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Lot owners and shall set forth the purpose of the meeting.

C. Member Charge. In addition to the annual assessment and any special assessment, the Association, by a vote of the Board, may impose a charge (Member Charge) upon any Owner for the purposes of reimbursing the Association for all direct and indirect costs incurred by the Association with regard to the maintenance, repair, or replacement of landscaping or site improvements on any particular Lot when the Board has determined the maintenance, repair, or replacement of improvements associated with such Owner's Lot has been neglected to the point where conditions existing on such Lot are not in conformance with the maintenance obligations set forth in Article V, Section M. of this Declaration, or an Owner places anything in the Common Area. The Owners of such Lot shall be notified in writing of said determination and the specific deficiencies found to exist and shall be afforded a reasonable period of time to respond to said notice by correcting the deficiencies. The Owner shall be assessed the cost of reimbursing the Association for any costs, including attorney's fees, to secure compliance.

D. Due Dates, Budget, and Late Charges. The annual assessments provided for herein shall become due and payable and shall be collected as the Board of Directors of the Association shall determine. The amount of the annual assessment shall be an amount which bears the same relationship to the annual assessment provided for above as the remaining number of months in that year bears to twelve. The Board shall use reasonable efforts to provide each Owner with an invoice statement as of the appropriate amount due, but any failure to provide such a notice shall not relieve any Owner of the obligation. The due date of any special assessment under the provisions hereof shall be fixed in the resolution authorizing such assessment. The special assessments are due and payable on the date fixed in the resolution authorizing the special assessment. Member charges are due and payable within thirty (30) days after the Owner is served with notice by the Association of the amount of such Member Charge.

Each year the Board of Directors of the Association shall adopt an annual budget and set the amount of the annual assessment, taking into consideration the Association's operating cost for the then current year, expected increases or decreases in such costs over the next year, and future needs of the Association. The Board shall adopt the annual budget at least thirty (30) days prior to the commencement of each fiscal year.

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a rate to be determined, from time to time, by the Board, not to exceed the maximum permitted by law. If the Board shall refuse or fail to determine a rate of interest, the rate of interest shall be eighteen percent (18%) per annum. If applicable state law, including TEX. FINANCE CODE Chapter 303, provides or requires

an alternate ceiling under Finance Code, then that ceiling shall be the indicated rate ceiling.

E. Remedies and Lien for Assessments. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including non-judicial or judicial foreclosure by an action brought in the name of the Association, and grants to the Association the power of sale in connection with said lien. The President of the Board of Directors shall have the right to appoint Agents, a trustee, and a successor or substitute trustee, to mail and file the notices required by Texas Property Code §51.002, to conduct the sale, and to otherwise comply with the statute. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Lot Owners. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

In addition to the foregoing charges for delinquent accounts, each Owner shall be obligated to pay to the Association all actual costs of collection incurred by the Association, including attorney's fees and such reasonable late charges and collection charges as the Board of Directors may establish, all of which shall also be subject to the liens of the Association.

All payments shall be applied first to costs and attorney's fees, then to late charges, then to interest, then to delinquent assessments, then to any unpaid installments of the annual assessment or special assessments which are not the subject matter of suit in the order of their coming due, and then to any unpaid installments of the annual assessment or special assessments which are the subject matter of suit in the order of their coming due.

Notice of the lien may be given, but is not required, by the recordation in the Real Property Records of Nacogdoches County, Texas, an Affidavit of Delinquent and Notice Of Assessment Lien, duly executed by an officer, managing agent, attorney, or officer of the Association, setting forth the amount owed, the name of the last known Lot Owner or Owners of record, and the legal description of the Lot.

At any foreclosure, judicial or non-judicial, the Association shall be entitled to bid up to the amount of the sum secured by its lien together with costs and attorney's fees, and to apply as a cash credit against its bid all sums due to the Association covered by the lien foreclosed. From and after any such foreclosure the occupants of such Lot shall be required to pay a reasonable rent for the use of such Living Unit and such occupancy shall constitute a tenancy-at-sufferance, and the purchaser at such foreclosure sale shall be entitled to appoint a receiver to collect such rents and, further, shall be entitled to sue for recovery of possession of such property by forcible detainer or by Writ of Possession.

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The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Lots subject to assessment, provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale or transfer of such Lot pursuant to a decree of foreclosure, non-judicial foreclosure, or conveyance in lieu of foreclosure or in satisfaction of mortgage debt. Such sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

ARTICLE XI
MAINTENANCE FUND AND GENERAL POWERS AND DUTIES
OF THE BOARD OF DIRECTORS OF THE ASSOCIATION

Maintenance Fund. The Board, for the benefit of the Owners, shall establish and maintain a maintenance fund into which shall be deposited the annual assessments collected from Owners and which maintenance fund shall be used, without limitation, for the payment of 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 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 of Directors, (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon ninety (90) days prior written notice to the managing party) and the services of such other personnel as the Board of Directors deems advisable.

(d) Legal and accounting services.

(e) A policy or policies of insurance insuring the Common Area, the Association, its Directors, and Officers against any liability to the public or to the Owners (and/or invites or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors.

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

(g) Such fidelity bonds as may be required by the Bylaws or as the Board of Directors 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 of Directors is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the enforcement of this Declaration.

(i) Perpetual maintenance and enhancement of all Common Area including walls, gates, grounds, landscaping, lights, irrigation, and electricity for right-of-way and all entry monuments, walls, and signs owned or maintained by the Association.

Powers and Duties of Board: The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the Bylaws 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 if the Board sees fit to do so.

(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 and to provide adequate reserves for replacements.

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

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

(j) To establish reserve funds which may be maintained and/or accounted for separately from other funds maintained for annual operating expenses.

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

The Board, on behalf of the Association, shall have full power and authority to contract with any Owner 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.

ARTICLE XII
TITLE TO COMMON AREAS

The Declarant shall convey all Common Area within the Properties to the Association free of liens. The Declarant may retain the legal title to the Common Area until such time as it has completed improvements thereon and until such time as, in the opinion of the Developer, the Association is able to maintain the same, but notwithstanding any provision hereof, the Declarant hereby covenants for itself, its successors, and assigns, that it shall convey the Common Areas to the Association no later than January 1, 2020. The Association shall own all Common Areas in fee simple and assume all maintenance obligations with respect to any Common Areas which may be hereafter established. Nothing contained herein shall create an obligation on the part of Declarant to establish any Common Area.

There shall be no physical partition of the Common Area or any part thereof. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property, which may or may not be subject to this Declaration.

ARTICLE XIII
INSURANCE AND CONDEMNATION

A. Fire Hazard and Casualty Insurance. Owners of Lots hereby covenant and agree with all other Owners and the Association to carry all-risk casualty insurance on

their Lot. Each Owner of a Lot further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original Living Unit. In the event the Living Unit is totally destroyed and the Owner determines not to rebuild or reconstruct, the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of the construction. If a Living Unit is leased to a third party, the Owner or Resident shall obtain liability and hazards insurance.

B. Property and Public Liability Insurance With Respect to Common Area, Errors and Omissions and Indemnification.

(1) The Board of Directors of the Association may obtain and continue in effect property insurance, to insure the buildings and structures in the Common Area, naming the Association as beneficiary with an endorsement to the mortgagee, if any, against risks of loss or damage by fire and other hazards as are covered under standard fire and extended coverage provisions, and said insurance to included coverage against vandalism.

(2) The Board of Directors of the Association may, but is not required to, obtain comprehensive public liability insurance in such limits as it shall deem desirable, insuring the Association, its agents and employees, and each Owner, from and against liability in connection with the Common Area.

(3) The Board of Directors of the Association may, but is not required to, obtain liability insurance covering errors and omissions of directors, officers, managers, employees and representatives of the Association, and fidelity bonds for all officers and employees which have control over the receipt or disbursement of funds.

(4) The Association may indemnify directors, officers, employees and agents and may purchase indemnity insurance in accordance with the provisions of Section 8.151 of the Texas Business Organizations Code.

C. Insurance Premiums with Respect to Common Area. All costs, charges and premiums for all insurance with respect to the Common Area that the Board of Directors authorizes as provided herein shall be a common expense of all Owners and shall be part of the annual assessment.

D. Other Insurance. None of the above prevents the Board of Directors from obtaining other insurance as may be required by law (e.g. workers compensation) or other insurance which may become the norm for properties of this nature.

E. Condemnation. If part or all of the Common Area shall be taken or condemned by any authority having the power of eminent domain, any compensation and damages shall be paid to the Association. The Board of Directors shall have the exclusive right to act on behalf of the Association with respect to the negotiation and litigation of

the taking or condemnation issues affecting such Common Area. The Owners may, by vote of seventy-five per cent (75%) or more of the total voting power hereunder, agree to distribute the proceeds of any condemnation or taking by eminent domain, to each Owner and his mortgagee, if any, as their interest may appear. In event that the Owners shall not so agree, such proceeds shall be added to the funds of the Association, and the Association shall decide on whether or not to replace or restore, as far as possible, the Common Area so taken or damaged.

The Association shall give timely notice of the existence of such proceedings to all Owners and their mortgagees, if any. The expense of participation in such proceedings shall be common expenses chargeable to the Owners.

F. Insufficient Proceeds. If the insurance or condemnation proceeds are insufficient to repair or replace any loss or damage, the Association may levy a special assessment as provided for in Article X. Section B. of this Declaration.

ARTICLE XIV AMENDMENT AND ANNEXATION

This Declaration shall remain in force and effect for a period of thirty (30) years after this Declaration is recorded, at which time, and each tenth anniversary thereafter, this Declaration shall be renewed for a period of ten years unless amended as provided herein. This Declaration may be amended by written instrument approved by the affirmative vote of the Members of the Association holding at least seventy-five percent (75%) of the total votes. The amendment shall be effective when it is certified by the President of the Association as to the requisite number or votes and recorded in the Official Public Records of Real Property of Nacogdoches County, Texas. Any amendment so certified and recorded shall be conclusively presumed to have been duly adopted. Declarant shall have the right to file an amendment to this Declaration, without the necessity of joinder by any other Owner of Lots, or any interest therein, for a period of one (1) year from the date of recordation of this Declaration in the Official Public Records of Real Property of Nacogdoches County, Texas for any reason. Notwithstanding the foregoing, after the expiration of one (1) year from the date of recordation of this Declaration in the Official Public Records of Real Property of Nacogdoches County, Texas, Declarant shall have the right to file an amendment to this Declaration, without the necessity of joinder by any other Owner of Lots, or any interest therein, for the limited purposes of correcting a clerical error, clarifying an ambiguity, removing any contradiction in the terms hereof, or for the purpose of making such additions or amendments hereto as may be required by FHA, HUD or VA to qualify the Properties for mortgage guaranties issued by FHA and/or VA.

ARTICLE XV
GOVERNMENTAL REQUIREMENTS

By acceptance of a deed to a Lot, or initiating construction of a residence or improvements to a Lot, each builder and contractor assumes responsibility for complying with all certifications, permitting, reporting, construction, and procedures required under all applicable governmental rules, regulations, and permits, including, but not limited to those promulgated or issued by the Environmental Protection Agency and related to Storm Water Discharges from Construction Sites (see Federal Register, Volume 57, No. 175, Pages 41176 et seq.), and with the responsibility of ascertaining and complying with all regulations, rules, rulings, and determinations of the Texas Water Development Board and Texas Water Commission, related to each Lot including, without limitation, the provisions of chapters 325 and 331, Texas Administrative Code, and any specific rulings made pursuant to the terms thereof. The foregoing references are made for the benefit of builders and contractors and do not in any way limit the terms and requirements of this covenant and the requirement that all builders and contractors comply with all governmental regulations, and any plan required by such regulations such as Storm Water Pollution Plan, affecting each Lot and construction site with which they are associated, including delivery to Declarant of a certification of understanding relating to any applicable NPDES permit prior to the start of construction. Each builder and contractor, by acceptance of a deed to a Lot or undertaking the making of improvements to a Lot, agrees to and shall hold harmless and indemnify Declarant for all costs, loss, or damages occasioned by the failure to abide by any applicable governmental statute, rule, regulation, or permit related to the Properties within the Subdivision.

By acceptance of a deed to a Lot, each builder and Owner agrees that Declarant and the Association shall have the right to enter upon any Lot on which one or more conditions or activities prohibited by appropriate governmental authority is maintained, or on which there has been a failure to perform any act required by appropriate governmental authority, for the purpose of curing any such violation, provided that the Owner or builder has been given five days prior written notice and has failed to remedy the complained of violation within such time, and each such Owner and builder agrees to and shall indemnify and hold harmless Declarant and the Association from all costs and expense of such curative action and any costs or expense of penalty or fine levied by any governmental authority as a result of the act or failure to act of the Owner or builder with respect to his Lot or the Properties. The foregoing remedy shall be cumulative of all other remedies for violations of provisions of these covenants and restrictions.

ARTICLE XVI
GENERAL PROVISIONS

A. Interpretation. If this Declaration or any word, clause, sentence, paragraph, or other part thereof shall be susceptible to more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and

objectives of this Declaration shall govern. If the application of the provisions of this Declaration, or any amendment hereto, conflicts with the application of any provision of the By-Laws of the Association, the provisions or application of this Declaration shall prevail.

If any punctuation, word, clause, sentence, or provision necessary to give meaning, validity, or effect to any other word, clause, sentence, or provision appearing in this Declaration shall be omitted herefrom, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence, or provision shall be supplied by inference.

The singular, whenever used herein, shall be construed to mean the plural, when applicable, and vice versa, and the necessary grammatical changes required to make the provisions here apply either to corporations or other legal entities, or individuals, males or females, shall in all cases be assumed as though in each case fully expressed.

B. Notices. Any notice required to be given to any Owner, Member, or Resident shall be complete when the notice is deposited in the United States Mail, postage prepaid, and addressed to the Owner, Member, or Resident at the last known address as shown by the records of the Association.

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

EXECUTED the 29th day of January, 2010

DECLARANT
HGT Group, LP
By Middlebrook Management, LLC, its general partner

By 
George F. Middlebrook, III, Manager

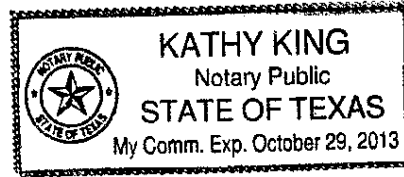
THE STATE OF TEXAS §
 §
COUNTY OF NACOGDOCHES §

Before me, the undersigned authority, on this day personally appeared George F. Middlebrook, III, Manager of Middlebrook Management, LLC, a limited liability company, known to me to be the person and officer whose name is subscribed to the foregoing

instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated, and as the act and deed of said limited liability company, acting as general partner of HGT Group, LP, a Texas limited partnership.

Given under my hand and seal of office on this the 29 day of January, A.D. 2010.

Kathy King
Notary Public in and for the State of Texas



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