

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE EASTERN SECTION OF
LAKE OF THE HILLS ESTATES SUBDIVISION**

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF COMAL AND BLANCO

THAT LAKE OF THE HILLS, INC., (hereinafter "Declarant"), being the owner of that certain subdivision known as Lake of the Hills Estates (hereinafter referred to as "Subdivision"), according to the plat of said Subdivision as recorded in the Map and Plat Records of Comal County, Texas as follows:

- Block 20, Lots 1-47, Vol. 4, page 69
- Block 21, Lots 25, 72-74, 83, Vol. 4, page 31
- Block 21, Part of Lots 26, 71, 75, 81, 82, Vol. 4, page 31
- Block 22, Lots 8-20, 40-70, 74-104, 107-224, Vol. 4, page 70
- Block 22, Part of Lots 1-7, 21-25, 37-39, 72,73, 105-106 Vol. 4, page 70
- Block 27, Lots 1-7, Vol. 5, page 14
- Block 28, Lots 1-7, Vol. 5, page 14
- Block 30, Lots 1-132, Vol. 5, page 14
- Block 35, Lots 1-66 Vol. 5, page 342

AND in the Map and Plat Records of Blanco County, Texas as follows:

- Block 21, Lots 27-70, 76-80, Vol. 1, page 45
- Block 21, Part of Lots 26, 71, 75, 81, 82, Vol. 1, page 45
- Block 22, Lots 2-4, 26-36, 71, Vol. 1, page 56
- Block 22, Part of Lots 1-7, 21-25, 37-39, 72-73, 105-106 Vol. 1, page 56
- Block 23, Lots 1-48, Vol. 1, page 57
- Block 24, Lots 1-9, Vol. 1, page 83

Pursuant to the final order entered in the District Court, Doc. #200006022621, 33rd Judicial District, Blanco County, Texas, recorded in Volume 0036 page 768, and, as such, desiring to create and carry out a uniform plan for the improvement, development, and sale of the subdivided lots situated within the Subdivision, does hereby adopt and establish the following easements, restrictions, covenants and conditions to run with the land and to apply in the use, occupancy, and conveyance of the aforesaid described subdivided lots therein, and each Contract or Deed which may be executed with regard to any of such property shall be held to have been executed, delivered and accepted, subject to the following restrictions and covenants (the headings being employed for convenience only and not to be controlling over content):

ARTICLE I DEFINITIONS

Section 1. "Association" shall mean and refer to The Lake of the Hills East Homeowners' Association, Inc., a Texas non-profit corporation.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described as the "Subdivision" and more particularly described as the Lake of the Hills Estates Subdivision, according to the plat of said Subdivision as recorded in the Deed and Plat Records of Comal and Blanco County, Texas, noted above, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) leased, owned or maintained by the Association for the common use and enjoyment of the Owners. By way of illustration, Common Area may include, but not necessarily be limited to, the following: private streets, signs, recreation area, clubhouse, pool, playgrounds, landscaping, lighting, entrance signs, walls, trails, greenbelts, and other similar or appurtenance improvements.

Section 5. "Lot" shall mean and refer to any plot of land shown upon a recorded Subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Lake of the Hills, Inc., its successors and assigns, if such successors or assigns should acquire all of the undeveloped and unsold lots or acreage from the Declarant for the purpose of development.

Section 7. "Member" shall mean and refer to all those Owners who are Members of the Association as provided for below.

Section 8. "Subdivision Plat" shall mean and refer to the map(s) or plat(s) of portions of the Properties in the Real Property Records of Comal and Blanco County, Texas.

Section 9. "Improvement" or "Improvements" shall mean or refer to all structures or other Improvements to any portion of the Property, whether above or below grade, including, but not limited to, buildings, recreation area, utility installations, storage, loading and parking facilities, walkways, driveways, landscaping, signs, site lighting, side grading and any exterior additions including any changes or alterations thereto.

Section 10. "Dwelling" shall mean and refer to any building or portion of a building (i.e., a conventional home, manufactured home or modular home) situated upon the Property which is designed and intended for use and occupancy as a residence by a single person, a couple, a family, or a permitted family-size group of persons.

Section 11. "Committee" shall mean the Architectural Design Committee as referred to in Article VII, Section 2 hereof.

ARTICLE II
USE OF RESIDENTIAL PROPERTIES

(A) All lots in the Subdivision (excluding recreation and other Common Areas) shall be used for single-family residential purposes only. No Owner shall occupy or use his Lot or any improvements constructed thereon, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence for the Owners, his or her family, tenants, and guests. No business to which the public is invited may be operated within the Properties. Home-based businesses may be operated out of a residence, whether for profit or not for profit, provided that each of the following conditions are met:

1. there is no external manifestation of the business enterprise which is visible, audible, or otherwise apparent from immediately outside the property line of the Lot upon which the business is operating;
2. such business operation will not create a disturbance for other residents; and
3. the business has received approval of the Association's Board of Directors prior to beginning any operations.

Notwithstanding the foregoing, nothing contained herein shall prohibit an Owner from leasing a Dwelling to a single family, provided the lease agreement is in writing, and subject in all respect to the provisions of the Declaration, Articles of Incorporation, and Bylaws applicable to the Subdivision.

This restriction shall not apply to the business use of the Property by the Declarant during the development of the subdivision.

ARTICLE III
PROPERTY RIGHTS

Section 1. **Owner's Easements of Enjoyment.** Every Owner shall have a right and easement of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the rights of the Association to charge fees for the repair and maintenance of the Common Areas, collect all dues, fines and/or other fees of any sort noted in these restrictions and enforce collection of any such monies in the accordance with any and/or all terms, conditions or rights set forth within these restrictions;

(b) the right of the Association to suspend the voting rights of an Owner for any period of time during which any assessment against his Lot remains unpaid;

(c) the right of the Association to suspend the voting rights of any Owner during any period of time in which an infraction of any of the rules and regulations herein has taken place, and to uphold such suspension for up to 60 days after said Owner's cure;

(d) the rights of the Association to enforce any and all rules and regulations which are a part of these restrictions; and

(e) the right of the Committee to enforce any and all rules, restrictions and/or regulations which are a part of these restrictions.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area facilities to the Members of his family and those other persons who reside on his Lot with him.

Section 3. Title to and Obligations Regarding Common Areas. Notwithstanding any provisions to the contrary, Declarant may retain the legal right to any Common Area until such time as it has completed improvements thereon and all necessary inspections by the applicable Contractor, Engineer, Utility Companies and/or the City, County or any other applicable inspection body have been satisfied, or until such time as (in the opinion of the Declarant and at its sole discretion) the Association is able to maintain the same.

(a) In this regard, unless otherwise provided herein, the Declarant hereby covenants for itself, its successors and assigns that title to the Common Areas will then be conveyed to the Association at no cost (unless otherwise stated herein), at such time the Association shall then automatically assume responsibility for all obligations of Declarant relating to their respective portion of the Common Areas. In addition, at the time of this conveyance, all construction warranties, if any, shall also be automatically transferred to the Association relating to the improvements forming a part of the Common Areas and the Association shall indemnify and hold Declarant harmless from any expenses and/or damages of any kind associated with any and all repairs or damage to roads, utilities (water, gas, electric, TV, cable, telephone, gray water) and any other Common Area improvements, with the Association (and each Owner) agreeing to contract and deal directly with the applicable third party (contractor, engineer, utility company, county or the local municipality) to remedy such repairs and damages.

(b) Until title to the Common Areas has been conveyed to the Association by the Declarant, Declarant shall be entitled to exercise all rights and privileges relating to such Areas granted to the Association in this Declaration. Title to any portion of the Area may be dedicated to a governmental entity by the Declarant or the Association and title shall thereafter remain in such governmental entity.

ARTICLE IV USES OF COMMON AREAS

Section 1. Easements of Enjoyment. Subject to the provisions of this Declaration, every Member of the Association shall have a right and easement of enjoyment in and to the Common Areas; provided however, no Member shall be deemed to have any right of access upon or across or the use of any Lot not owned by such Member, in connection with such easement of use or enjoyment of the Common Areas.

Section 2. Location of Common Areas. Properties owned in common areas are located as shown on the Subdivision Plats.

Section 3. Extent of Easements of Enjoyment. The right and easements of enjoyment created hereby shall be subject to the following:

(a) *Motorized Vehicles.* No motorcycles, motorbikes, or other motorized vehicles (except those used for maintenance, repairs and upkeep of the Common Areas) shall be permitted on the greenbelts or any parts thereof. Said greenbelts shall be utilized only for walking, jogging, bicycle riding, and such other uses as may be approved by the Board of Directors of the Association.

(b) *Planting; Obstructions.* Any planting or gardening by Owners, and the construction of fences, hedges, walls or other obstructions in the Common Areas (except those installed by Declarant) shall be permitted only upon receipt of prior written approval by the Board of Directors or the Architectural Committee.

(c) *Rules and Regulations of Common Areas.* The right of the Association from time to time to prescribe reasonable rules and regulations for the use, enjoyment, and maintenance of the Common Areas.

(d) *Sale of Common Areas.* The Association shall have the right to sell and convey the Common Areas, or any part thereof only to the Declarant, provided such conveyance is approved by a majority of the votes of the Board of Directors of the Association, voting in person or by proxy at a meeting duly called for such purposes. The Declarant may refuse this conveyance, in which case the Board of Directors shall be free to sell or convey it to a third party.

(e) *Borrowing of Money.* The Association shall have the right to borrow money for the purpose of improving the Common Areas, or any part thereof, and to mortgage the Common Areas, or any part thereof. Declarant specifically reserves the right to lend money to the Association from time to time at commercially reasonable terms.

(f) *Protection of Common Areas.* The right of the Association to take steps as are reasonably necessary to protect the Common Areas, or any part thereof, against damage, condemnation, or foreclosure.

Section 4. Indemnification. The Association shall at all times from and after any turnovers of common areas and/or management of the Association indemnify and hold Declarant harmless from any and all liability associated with any and all claims or damages of every kind arising out of the operations of the Properties or the Association. Additionally, Declarant may not be held liable in any way in its role in enforcing or failing to enforce any of the conditions of these restrictions, in protecting its rights, or in carrying out any of its duties or obligations. This indemnification shall include the Association's payment of any and all expenses including the payment of any and all legal expenses, court costs, any and all costs associated with the protection of Declarant in any legal actions or proceedings or any other action of any kind. Declarant shall be shown as an additional insured on the Association liability insurance policy, which shall be in a form acceptable to Declarant and shall be maintained at the Association's expense. Said liability insurance requirement shall be in effect until at least three (3) years after (a) all of the common areas are turned over to the Associates, or (b) the entire development is completed and sold/built out, and any notes or agreements between Declarant and the Association have been paid in full.

Section 5. Assignment By Declarant. Declarant shall have full right and authority to sell or assign its rights, duties, and obligations under these restrictions in conjunction with a sale of all of its unsold lots or acreage within the Subdivision, and, upon any such action, Declarant shall have no further obligation or liability, implied or otherwise, hereunder.

Section 6. Usage of "Lake of the Hills Estates" amenities. Class A members shall have the option of paying \$35 per year usage fee to the Association of "Lake of the Hills Estates" for the express use of the following amenities:

- (a) Swimming pool
- (b) Fishing lake

- (c) Rental of the Clubhouse on an availability basis at the current rate as set by said Association.

“Lake of the Hills East Subdivision” Association shall not be responsible for any disputes that arise and any member that elects to pay a usage fee must abide by the rules set forth by the grantor of said privilege.

ARTICLE V
THE LAKE OF THE HILLS EAST HOMEOWNERS’ ASSOCIATION AND
COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Membership and Voting. Declarant shall take all steps necessary to create the Association to which, the Declarant may assign or delegate on a permanent or temporary basis one or more of the rights, powers, obligations, and duties of the Declarant under these restrictions.

Membership in the Association shall consist of all Lot Owners, and shall begin when they acquire title to their respective Lot. Members shall be entitled to one vote for each Lot owned. When more than one person owns an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any one Lot hereunder.

Section 1A. Classes of Members. The Association shall have two classes of voting membership.

Class A. Class A members shall be all Owners with the exception of the Declarant, and shall be entitled to one (1) vote per each Lot owned. When more than one person holds an interest in any 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, or on behalf of the Lot.

Class B. Class B members shall be the Declarant (or its successors or assigns) who shall be entitled to cast three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the occurrence of *both* of the following:

- 1) The sale or transfer of 75% of the platted Lots out of the inventory of the Declarant; and
- 2) Declarant’s election to compel “Turnover” as described in Section 2 of this Article.

Section 2. Turnover. At any time after commencement of operations of the Association, at Declarant’s sole discretion, the Property Owners may be required to take over the management of the Association and relieve Declarant of all duties associated therewith. Upon such “Turnover” by the Declarant, the Property Owners within the Subdivision will be required to choose their own Board of Directors to represent them and to manage the Association in accordance with the terms and conditions of these restrictions and to establish any and all bylaws, procedures and other management devices by which the Association shall operate. After the date of such “Turnover,” all Board Members and Directors must be Owners of a Lot or Lots within the Subdivision.

(a) Notwithstanding anything to the contrary, until such "Turnover" has taken place, the management of the Association shall be by Declarant and its staff. From and after the time of such turnover, the Association shall indemnify and hold Declarant harmless from and against any and all claims or damages of every kind arising out of the development and operations of the Properties or the Association.

Section 3. Personal Obligation and Lien Rights Associated with Collection of Dues and Assessments. Each Lot Owner, by acceptance of a deed, whether or not it shall be so expressed in such deed, is deemed to agree to pay to the Association regular monthly assessments and all other Association dues, fees, fines, assessments or charges of any kind, including special assessments for capital improvements, which may be established and collected as hereinafter provided.

(a) The monthly and special assessments, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to any successors or assigns in title unless assumed by them.

Section 4. Purpose of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of the residents and/or Owners of the Properties, and for the improvement and maintenance of the Common Areas. These expenses may include, but shall not necessarily be limited to, payment of taxes and insurance, construction, repair or replacement of improvements to the Common Areas, cost of trash and debris cleanup, street and Lot cleaning, cost of professional or other outside service and labor, equipment, materials, outside management, and supervision necessary to carry out its authorized functions. Additionally, any other expenses which in Declarant's or Association sole discretion are deemed necessary to uphold the Subdivision's property values and/or are for the overall betterment of the development and its appearance, shall be the responsibility of the Association and shall be paid out of assessments including, but not necessarily limited to, cost of security, Lot cleaning, general maintenance and road cleaning.

(a) These charges and the extent of the Association responsibilities may be modified if various functions of the Association are assumed by public or governmental agencies. All assessments will be applied uniformly and no exemptions will be granted except as may be noted herein.

Section 5. Initial Annual Assessment. Until adjusted, pursuant to the terms as noted in this document, the maximum annual assessment shall be \$65.00 per improved Lot (payable at closing and prorated to the beginning of the next fiscal year) after such Lot is purchased by the Member. The Board of Directors may, at their sole discretion, impose the assessment on a quarterly or monthly basis.

(a) From and after March 18, 2002, the monthly assessment may be increased by a majority vote of the Directors of Association.

(b) Assessments shall not be increased by more than 15% above the assessment for the previous year without the approval of the Members, which shall be demonstrated by the vote of two-thirds (2/3) of the Members who are voting in person or by proxy at a meeting duly called for such purpose.

Section 6. Special Assessments. In addition to the monthly assessments authorized in Section 5 hereof, the Board of Directors of the Association may levy a special assessment for the purpose of defraying (in whole or in part) the cost of any construction or reconstruction, repair or replacement of a

capital improvement on or which is part of the Common Areas, or for carrying out other purposes of the Association as stated herein or in the Articles of Incorporation of the Association.

Section 7. Notice and Quorum for any Action Authorized Under Section 5 and 6. Written notice of any meeting called for the purpose of taking any action authorized under Section 5 or 6 above and the "Annexation" portion of these restrictions shall be sent to all Members not less than 30 days nor more than 60 days in advance of any meeting. At the first such meeting called, the presence of Members or proxies entitled to cast thirty percent (30%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called by the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 8. Uniform Rate of Assessment. Any and all dues of the Association or special assessments must be fixed at a uniform rate for all classes of lots and may be collected in such manner or at such intervals as determined by the Board of Directors of the Association. This decision may be made by the Declarant until turnover occurs, and thereafter may be made by a majority of the Board of Directors.

Section 9. Date of Commencement of Monthly Assessments. The monthly assessments for any particular Lot by the Homeowners' Association provided for herein shall not commence until the effective date of the contract or the date of closing the purchase of the home. Assessments shall be paid to the Association on a regular, periodic basis (as established by the Board of Directors) thereafter.

(a) For billing purposes, the monthly assessment period will begin on the first day of each month. Written notice of any increase in the monthly assessment must be given to the Members by the Board of Directors at least ninety (90) days in advance of the imposition of any such increase.

(b) The Association shall, upon request, provide a receipt as proof of payment of assessments. Upon demand and for a reasonable charge, the Association shall furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A property executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 10. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest legal rate. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against such Owner's Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Lot. (See Article XXXVII entitled "Non-Judicial Foreclosure.")

Section 11. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. The sale or transfer of any Lot shall not effect the assessment lien. However, the sale or transfer of the Lot pursuant to a mortgage foreclosure shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 12. Exempt Property. All Common Areas and other portions of the Properties, if any, which are dedicated to public authorities shall be exempt from assessment.

Section 13. Option to Cure. Declarant or the Association has the option (but not the obligation) to perform any action required of any Owner by these restrictions. In the event that Declarant or the Association elects to do so, all sums incurred by the Declarant or the Association in performing the required action shall be charged against the Owner and, if not paid within thirty (30) days after it is due, said sums shall bear interest at the highest legal rate and shall be secured by a lien (the same as if said sums were due and/or assessments) on all Lot(s) owned by said Owner. The Declarant or the Association may bring an action at law against the Owner of the Lot subject to the assessment for payment thereof and/or bring an action to foreclose the lien which secures the assessment.

Section 14. Powers and Duties of the Board of Directors. The Board of Directors of the Association shall have the following powers and duties:

- (1) adopt and amend bylaws;
- (2) adopt and amend budgets for revenues, expenditures and reserves, and collect assessments for common expenses from Owners;
- (3) hire and terminate managing agents and other employees, agents, and independent contractors;
- (4) institute, defend, intervene in, settle, or compromise litigation or administrative proceedings in its own name on behalf of itself or two or more unit Owners on matters effecting the subdivision.
- (5) make contracts and incur liabilities relating to the operation of the subdivision;
- (6) regulate the use, maintenance, repair, replacement, modification, and appearance of the common areas of the subdivision;
- (7) adopt and amend rules regulating the use, occupancy, leasing or sale, maintenance, repair, modification, and appearance of Lots (together with the Improvements situated thereupon) and the Common Areas, to the extent the regulated actions effect Common Areas or other Lots;
- (8) cause additional improvements to be made as a part of the Common Areas;
- (9) acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, except Common Areas of the Subdivision;
- (10) grant easements, leases, licenses, and concessions through or over the Common Areas;
- (11) impose and receive payments, fees, or charges for the use, rental, or operation of the Common Areas and for services provided to Lot Owners;

- (12) impose interest and late charges for late payments of assessments, returned check charges and, if notice and an opportunity to be heard are given, reasonable fines for violations of the declaration, bylaws, and rules of the Association;
- (13) adopt and amend rules regulating the collection of delinquent assessments and the application of payments;
- (14) adopt and amend rules regulating the termination of utility service to a Lot, if the Owner of the Lot is delinquent in the payment of an assessment that is used, in whole or in part, to pay the cost of that utility;
- (15) impose reasonable charges for preparing, recording, or copying declaration amendments, resale certificates, or statements of unpaid assessments.
- (16) enter a Lot for bona fide emergency purposes when conditions present an imminent risk of harm or damage to the Common Areas, another Lot, or the occupants;
- (17) assign its right to future income, including the right to receive common expense assessments;
- (18) suspend the voting privileges of or the use of certain Common Areas by an Owner delinquent for more than thirty (30) days in the payment of assessments;
- (19) purchase insurance and fidelity bonds it considers appropriate or necessary;
- (20) exercise any other powers conferred by the Articles of Incorporation or the Bylaws;
- (21) exercise any other powers that may be exercised in this state by a corporation of the same type as the Association; and
- (22) exercise any other powers necessary and proper for the government and operation of the Association.

ARTICLE VI
TRASH REMOVAL

All lots, whether improved or unimproved, must be cleaned of unnecessary debris, trash, overgrowth (which shall be defined as having a height of more than 12") or waste material and shall be maintained in an orderly condition. Each Owner is responsible for such maintenance, regardless of how the material arrived on their Lot. The Owner may be fined not less than \$25, plus any cost of trash removal each time the Lot is not cleaned and therefore requires action by the Declarant and/or the Association. After one written notice of a violation is given to an Owner, the Declarant or the Association may proceed to enforce this requirement, which shall include the authority to take action to have the Lot cleaned or mowed and levy said fine. Charges for such services and fines shall be a charge on the land and shall be continuing lien upon the property against which each such charge or fine is made. Each such charge or fine shall also be the personal obligation of the person who was the Owner of such property at the time the charge or fine was made.

ARTICLE VII

ARCHITECTURAL DESIGN COMMITTEE

Section 1. **Development Objectives.** The aesthetic and ecological quality of the Properties requires that all improvements be compatible with other Improvements and be in harmony with the natural surroundings. To this end, an Architectural Design Committee (sometimes hereinafter called "the Committee") has been created as described in Section 2 of this Article. The Committee has the responsibility to carry out the goals and functions that have been adopted, and are described below, and which may be amended from time to time.

Section 2. **Architectural Design Committee.** The Architectural Design Committee shall be composed of three (3) Members selected and appointed by the Board of Directors of the Lake of the Hills East Homeowners' Association, Inc., and may include Members of such Board. The Board of Directors shall have the exclusive right and power at any time, and from time to time, to create and fill vacancies on the Architectural Design Committee. The Committee reserves the right from time to time to file instruments in the Real Property Records of Comal and Blanc County, Texas designating its then current composition.

Section 3. **Goal of Architectural Design Committee.** The goal of the Committee is to encourage the construction of improvements of good architectural design, quality and proper size compatible with Declarant's conceptual plan for the Properties. Improvements should be planned and designed with particular attention to the design and aesthetic appearance of the exterior and the use of such materials as will, in the judgment of the Committee, create an attractive and harmonious blend with existing Dwellings and the natural surroundings. The Committee may disapprove the construction of design of an improvement on purely aesthetic grounds where, in its judgment, such disapproval is required to protect the continuity of design or values of the neighborhood and of other homeowners, or to preserve the serenity and natural beauty of any surroundings. Prior judgments regarding such matters of design or aesthetics shall not be deemed binding upon the Architectural Design Committee if such Committee feels that the repetition of such matters will have an adverse effect on the Properties.

Section 4. **Function of the Architectural Design Committee.** The Committee shall function as the representative of the Owners for the purposes herein set forth, as well as for all purposes consistent with the creation and preservation of a first-class development. No improvement, as that term is defined in Article I of this Declaration, shall be erected, constructed, placed, altered (either by addition or deletion), maintained or permitted to remain on any portion of the Properties until plans and specifications, in such form and detail as the Committee may deem necessary, shall have been submitted to and approved in writing by such Committee. The Architectural Design Committee shall have the power to employ professional consultants to assist it in discharging its duties. The decision of the Architectural Design Committee shall be final, conclusive, and binding upon the applicant.

Section 5. **Procedures of the Architectural Design Committee.** The Committee may establish and publish from time to time reasonable administrative procedures and separate building guidelines covering residential and non-residential Improvements. If a home is not new, a \$100.00 non-refundable fee must be paid to the Architectural Control Committee for visual inspection. The Committee will then have sole authority to approve or disapprove the home for placement in the subdivision. Any visual inspection more than 60 miles from Lake of the Hills Estates Subdivision will cost an additional 30 cents per mile.

ARTICLE VIII **SUBMITTAL AND APPROVAL PROCESS**

Section 1. Design Submittal. The Owner must submit a design plan, which must adequately reflect to the Committee the true design quality of the proposed work. Final plans and specifications shall be submitted in complete form, in duplicate, and shall include a floor plan and all elevations of any proposed structure(s) (including fences, walls, signs, pools, pool buildings, etc.), roof height, specification of materials, colors, textures and shapes. All measurements and dimensions, both interior and exterior, must be shown (1/4" = 1' minimum). Description of materials and finishes must be clearly indicated.

Section 2. Basis of Approval. Approval of preliminary design plans, final plans, and specifications shall be based upon the following:

- (a) Architectural and structural integrity of the design;
- (b) Harmony and conformity of the design with the surroundings, both natural and built;
- (c) Adequacy of the design to conditions of the site;
- (d) Relation of finished grades and elevations to neighboring sites;
- (e) Conformity to specific and general intent of the Protective Covenants covering the particular platted unit of which the Lot in question forms a part;
- (f) A minimum of 1,000 sq. ft (if conventional built) of climate-controlled interior space;
- (g) A minimum of 1,100 square feet (if double wide is built to HUD specifications) of climate-controlled interior space.
- (h) For conventional construction: 1½- and 2-story residences will be permitted, and are to have either pier-and-beam or concrete slab foundations.
- (i) Patios and decks are to be located to the rear of the residential structure, as determined by the orientation of the structure on the Lot (as opposed to the orientation of the Lot to the street or to adjoining Lots). Residences must have front decks that include a landing area having a minimum dimension of 4' in depth by 4' in width. All steps (both front and back) must be of commercial quality fiberglass, concrete, wood, vinyl, or approved vinyl materials.
- (j) Manufactured housing shall be skirted around 100% of the perimeter of the structure, using materials and colors which are identical to or in harmony with the manufactured home. Installation of skirting must be completed within thirty-one (31) days of deliver.
- (k) All Lots must have a garage, carport with storage, or a storage shed (placed behind back of residence) which must be constructed of new materials, have a double-pitch roof made of composition shingles, seamless metal or tile matching the Manufactured Housing Unit or conventional built housing unit. The garage, carport with storage, or a storage shed must conform to all building codes adopted by the county and must be approved by the Declarant or the Committee as to location, material and design in advance of construction of placement on the Lot. Garages may be attached or unattached to the residential structure. If an Owner

desires to construct a garage or carport, such structure must be constructed either during or after the construction or placement of the residence upon the Lot. Additionally, such garage or carport must be built upon a concrete slab, shall be capable of containing at least two automobiles, and must conform (in design, materials, and appearance) to the residence situated on the Lot. In all cases, the prior written approval must be obtained from the Architectural Design Committee prior to construction of installation of a garage or carport on a Lot. All garages shall be used to accommodate automobiles or other motor vehicles, and shall not be converted for use as additional living area, unless such conversion is specifically authorized by the Architectural Design Committee as described in these Covenants.

- (l) No single-wide manufactured houses shall be allowed.

Section 3. Variances. Upon submission of a written request for same, the Architectural Design Committee may, from time to time, in its sole discretion, permit Owners to construct, erect, or install Improvements which are in variance from the covenants, restrictions or architectural standards which are provided in this Declaration or the applicable Protective Covenants or these which may be promulgated in the future. In any case, however, such variances must, in the Committee's sole discretion, blend effectively with the general architectural style and design of the community and must not detrimentally effect the integrity of the Properties nor harmony with the natural surroundings. No Member of the Committee shall be liable to any Owner for claims, causes of action, or damages arising out of the grant of any variance to an Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the Committee's right to strictly enforce the Covenants, Restrictions and architectural standards provided hereunder, against any other Owner.

Section 4. Initiation of Construction. Upon approval of final submittals, construction may begin. The issuance of an approval of the submittals is, and shall be, in reliance upon the following:

- (a) Construction of an approved site-built building be completed within nine (9) months from start of construction.
- (b) Construction will be in accordance with approved plans.
- (c) Exterior changes after final approval of plans by the Architectural Design Committee will be sought by the builder or Owner and must be approved in writing by the Committee prior to construction of these changes.
- (d) Regular inspections may be made by a representative of the Committee.

Section 5. Failure of the Committee to Act. If the Architectural Design Committee fails to approve or to disapprove either the preliminary design plans or the final plans and specifications or to reject them as being inadequate within thirty (30) days after submittal thereof, it shall be conclusively presumed that such Committee has approved such preliminary design plan or such final plans and specifications. If preliminary design plans or final plans and specifications are not sufficiently complete or are otherwise inadequate, the Architectural Design Committee may reject them as being inadequate or may approve or disapprove part, conditionally or unconditionally, and reject the balance.

Section 6. **Limitation of Liability.** Neither the Declarant, the Association, the Architectural Design Committee, nor any of the Members of such Committee shall be liable in damages or otherwise to anyone submitting plans and specifications for approval or to any owner of land effected by this declaration by reason of mistake of judgment, negligence, or nonfeasance arising out of, or in connection with, the approval or disapproval, or failure to approve or to disapprove, any plans and specifications.

Section 7. **Combining Lots.** The Declarant may at its own discretion combine lots in any manner that the Declarant designates. In the event that the lots are combined and approved by the Grantor, then only one assessment shall be due for the combined lots.

ARTICLE IX **OUTBUILDING REQUIREMENTS**

Every outbuilding, inclusive of such structures as a storage building, greenhouse or children's playhouse, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition. All such building shall be subject to the approval of the Architectural Design Committee. In no instance shall an outbuilding exceed one (1) story in height or have total floor area in excess of ten percent (10%) of the floor area of the main dwelling.

ARTICLE X **FENCES AND LIGHT POLES**

Section 1. **Fences.** Except for side fencing on corner lots and the security fencing which may be installed by Declarant on the perimeter of the Property, all fences within the Subdivision shall be of chain link, wrought iron, or wood fencing that does not restrict the ability to see through the fence. Fences shall be no greater than 6' in height. Any variance from the fencing specifications set forth above must be specifically approved by the Architectural Design Committee in writing.

(a) No fence, wall, hedge or shrub planting which obstructs sight lines shall be placed or permitted to remain on any corner Lot. No tree shall be permitted to remain within such distance of such intersections, unless the foliage is maintained at sufficient height to prevent obstruction of sight lines.

(b) No security or privacy fence or hedge shall be placed along the back of lots along the common private driveway which obstructs the view across the private driveway.

(c) A security fence designed to block view must be approved, in writing, by the Architectural Design Committee prior to its construction.

(d) Clotheslines shall be of a temporary, removable type, and shall be removed, retracted, or otherwise hidden when not in use. Clothes may not be left outside for more than twelve (12) contiguous hours.

(e) Fences shall be maintained in good repair at all times.

ARTICLE XI **DRIVEWAYS AND SIDEWALKS**