

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

Preamble

This Declaration of Covenants, Conditions, and Restrictions is made on _____, 1998, at Clifton, Texas, by CARDINAL LAND COMPANY, LTD., a Texas Limited Partnership ("Declarant"), whose mailing address is Rt. 1, Box 103, Clifton, Texas 76634.

Recitals

1. Declarant is the owner of all that certain real property ("the Property") located in Bosque County, Texas, known as #1 Lake Place, Phase 1 described on Exhibit "A," attached.
2. The Declarant has devised a general plan for the entire Property as a whole, with specific provisions for particular parts and parcels of the Property. This general plan provides a common scheme of development designed to protect and safeguard the Property over a long period.
3. This general plan will benefit the Property in general, the parcels and lots that constitute the Property, the Declarant, and each successive owner of an interest in the Property.
4. Therefore, in accordance with both the doctrines of restrictive covenant and implied equitable servitude, the Declarant desires to restrict the Property according to these covenants, conditions, and restrictions in furtherance of this general development plan.

NOW THEREFORE, it is declared that all of the Property shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions.

ARTICLE 1

Definitions

Developer

- 1.01. "Developer" means Declarant and its successors and assigns.

Lot

1.02. "Lot" means any of the plots of land shown on the plat and subdivision map recorded in Volume _____ at Page _____ of the Plat Records of Bosque County, Texas (the "Map"), on which there is or will be built a single family dwelling.

Owner

1.03. "Owner" means the record owner or owners of any Lot or portion of a Lot in the Property on which there is or will be built a detached single family dwelling. "Owner" includes contract sellers but excludes persons having only a security interest.

ARTICLE 2**Architectural Control****Architectural Control Committee**

2.01. Developer shall designate and appoint an Architectural Control Committee consisting of not fewer than three qualified persons, which shall serve at the pleasure of the Developer. After the Developer no longer owns any Lot, the Architectural Control Committee shall be elected by the owners, each Lot being entitled to one vote.

Approval of Plans and Specifications

2.02. The Architectural Control Committee must review and approve in writing all original construction of any building, fence, wall, or other structure.

Application for Approval

2.03. To obtain approval to do any of the work described in Paragraph 2.02, an Owner must submit an application to the Architectural Control Committee showing the plans and specifications for the proposed work. Such plans and specifications shall detail the nature, shape, height, materials, colors, and location of the proposed work.

Standard for Review

2.04. The Architectural Control Committee shall review applications for proposed work in order to (1) ensure conformity of the proposal with these covenants, conditions, and restrictions and (2) ensure harmony of external design in relation to surrounding structures and topography. An application can be rejected for providing insufficient information. The Committee shall have broad, discretionary authority to interpret and apply these standards. In rejecting an application, the Committee should detail the reasons for rejection and suggest how the applicant could remedy the deficiencies.

Failure of Committee to Act

2.05. If the Architectural Control Committee fails to either approve or reject an application for proposed work within thirty (30) days after submission, then Committee approval shall not be required, and the applicant shall be deemed to have fully complied with this Article.

ARTICLE 3

Exterior Maintenance

3.01. If an Owner of any Lot fails to maintain the premises in a neat and orderly manner, the Developer or the Architectural Control Committee shall have the right, through its agents and employees, to enter the Lot in order to repair, maintain, and restore the Lot, including landscaping, and the exterior of any buildings and other improvements located on the Lot, all at the expense of the Owner.

ARTICLE 4

Use Restrictions and Architectural Standards

Residential Use Only

4.01. All Lots shall be used for single-family residential purposes only. Single family use consists of use as a dwelling by two or more natural persons who are related by marriage or kinship or by not more than three natural persons who are not related by marriage or kinship. However, Developer, as well as any

other person engaged in the construction and sale of residences on the Property, shall have the right, during the construction and sales period, to use facilities as may be reasonably necessary or convenient for its business purpose of constructing and selling residences on the Property.

Type of Buildings Permitted

4.02. No building shall be erected, altered, or permitted on any Lot other than one detached single-family dwelling not to exceed two stories in height, with a private garage for at least two (2) automobiles but for not more than four (4) automobiles. A guest house, poolhouse, studio or other appropriate residential facility may also be permitted by the Architectural Control Committee. However, Developer, as well as any other person engaged in the construction and sale of residences on the Property, shall have the right, during the construction and sales period, to construct and maintain such facilities as may be reasonably necessary or convenient for its business of constructing and selling dwelling units on the Property, including, but not limited to, offices and storage areas.

Design, Minimum Floor Area, and Exterior Walls

4.03. Any residence constructed on a Lot must have a floor area of not less than 1300 square feet, exclusive of open or screened porches, terraces, patios, driveways, carports, and garages. Construction must be done on site, of first class materials. Mobile and modular houses are prohibited. All exterior colors, textures, and materials must be compatible with adjacent and surrounding Lots, and over-all community appearance. Exterior walls must be at least 25 percent masonry or masonry veneer, or log construction specifically approved by the Architectural Control Committee.

Setbacks

4.04. No building shall be located on any Lot nearer to the front Lot line or nearer to the side street line than forty (40) feet. No side yards at the front building setback line shall be less than ten (10) feet. For purposes of this covenant, caves, steps, and open porches shall not be considered as a part of the building; provided, however, that this shall not be construed to permit any portion of the building on any Lot to

encroach upon another Lot. If two or more Lots, or portions of two or more Lots, are consolidated into a building site in conformity with Paragraph 4.05, these building setback requirements shall apply to the resulting building site as if it were one original, platted Lot.

Resubdivision or Consolidation

4.05. No Lot shall be resubdivided or split except as follows. Any person owning two or more adjoining Lots may subdivide or consolidate those Lots into building sites, with the privilege of constructing improvements, as permitted by this Declaration, on each resulting building site, provided that such subdivision or consolidation does not permit the construction of more than one single family dwelling per originally platted lot.

Easements

4.06. Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Map. No utility company, water district, political subdivision, or other authorized entity using these easements shall be liable for any damage done by them or their assigns, agents, employees, or servants, to shrubbery, trees, flowers, or to other property of the Owner situated in the easement.

Noxious or Offensive Activities Prohibited

4.07. No noxious or offensive activity shall be conducted on any Lot that may be or may become an annoyance or nuisance to the neighborhood.

Prohibited Residential Uses

4.08. No structure not approved for residential use by the Architectural Control Committee, including but not limited to trailers, mobile homes, motor homes, basements, tents, shacks, garages, and other outbuildings and accessory structures, shall be used on any Lot any time as a residence, either temporarily or permanently.

Signs

4.09. No signs of any type shall be allowed on any Lot except one sign of not more than five square feet advertising the property for sale or rent. However, Developer, as well as any other person engaged in the construction and sale of residences on the Property shall have the right, during the construction and sales period, to construct and maintain signs advertising the construction and sale.

Oil Development and Mining Prohibited

4.10. No oil well drilling, development, or refining, and no mineral quarrying or mining operations of any kind shall be permitted on any Lot. No oil well, tank, tunnel, mineral excavation, or shaft shall be permitted on any Lot. No derrick or other structure designed for use in boring for oil, natural gas, or other minerals shall be erected, maintained, or permitted on any Lot.

Rubbish, Trash and Garbage

4.11. No Lot shall be used or maintained as a dumping ground for rubbish or trash. All garbage and other waste shall be kept in sanitary containers. There shall be no burning or incineration of leaves, brush, or other debris, except in strict compliance with County regulations.

Sewage Disposal

4.12. Individual sewage-disposal systems shall be designed, located, and constructed in accordance with the requirements, standards, and recommendations of Bosque County authority. Approval of the system as installed shall be obtained from that authority.

Water Supply

4.13. No individual water-supply system shall be cross-connected to the public water supply system.

Sight Distance at Intersections

4.14. No fence, wall, hedge, or shrub planting that obstructs sight lines at elevations between two (2) and six (6) feet above the roadway shall be placed or permitted to remain on any corner lot in the triangular area formed by the street property lines and a line connecting them at points thirty (30) feet from

the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines as extended. No tree shall be permitted to remain within such distances of intersections unless the foliage line is maintained to meet the sight line requirements set forth above.

Animals

4.15. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except that a reasonable number of dogs, cats, or other household pets may be kept, provided they are not kept, bred, or maintained for any commercial purpose. Household pets shall be kept in conformity with all applicable laws and regulations.

Trucks, Buses, Boats, and Trailers

4.16. No truck or bus (except a passenger van for personal use), boats, or trailer shall be left parked in the street in front of any Lot, except for construction and repair equipment while a residence or residences are being built or repaired in the immediate vicinity.

Prohibited Activities

4.17. No business or commercial activity to which the general public is invited shall be conducted on any Lot.

Poles, Masts, and Antennas

4.18. Poles, masts, or antennas of any type in excess of 40 feet in height shall be installed only upon approval of the Architectural Control Committee.

ARTICLE 5

Easements

Reservation of Easements

5.01. All easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Map. No shrubbery, fence, or other obstruction shall be placed in any easement.

Right of use for ingress and egress shall be available at all times over any dedicated easement for purposes of installing, operating, maintaining, repairing, or removing any utility or any obstruction placed in such easement that would interfere with the installation, maintenance, operation, or removal of such utility.

ARTICLE 6

General Provisions

Enforcement

6.01. The Developer or any three Owners, acting jointly, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations imposed by this Declaration. Failure to enforce any covenant or restriction shall not be deemed a waiver of the right of enforcement either with respect to the violation in question or any other violation. All waivers must be in writing and signed by the party to be bound.

Severability

6.02. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, and all other provisions shall remain in full force and effect.

Covenants Running With the Land

6.03. These easements, restrictions, covenants, and conditions are for the purpose of protecting the value and desirability of the Property. Consequently, they shall run with the real property and shall be binding on all parties having any right, title, or interest in the Property in whole or in part, and their heirs, successors, and assigns. These easement, covenants, conditions, and restrictions shall be for the benefit of the Property, each Lot, and each Lot Owner.

Duration and Amendment

6.04. The covenants, conditions, and restrictions of this Declaration shall be effective for a term of 20 years from the date this Declaration is recorded, after which period the covenants, conditions, and restrictions shall be automatically extended for successive period of 10 years subject to termination by an

instrument signed by more than 50 percent of the Owners. The covenants, conditions, and restrictions of the Declaration may be amended by an instrument signed by more than 75 percent of the Owners. Neither any amendment nor any termination shall be effective until recorded in the Deed Records of Bosque County, Texas, and until all requisite governmental approvals, if any, have been obtained.

Attorney's Fees

6.05. If any controversy, claim, or dispute arises relating to this instrument, its breach, or enforcement, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees, and costs.

Liberal Interpretation

6.06. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the Property.

This Declaration is executed this _____ day of _____, 1998, at Clifton, Texas.

CARDINAL LAND COMPANY, LTD.

By: _____
General Partner, Duly Authorized

ACKNOWLEDGMENT

**STATE OF TEXAS
COUNTY OF BOSQUE**

This instrument was acknowledged before me on _____, 1998 by _____, General Partner of CARDINAL LAND COMPANY, LTD.

Notary Public, State of Texas