

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS
FOR THE PALOMA VISTA SUBDIVISION**

STATE OF TEXAS

§

COUNTY OF HAMILTON

§

**KNOWN ALL MEN BY THESE
PRESENTS**

This Declaration is made on the date hereinafter set forth by LSLP Pottsville, LLC a Delaware Limited Liability Company, hereinafter referred to as "Developer".

WITNESSETH:

WHEREAS, Developer is the owner of that certain tract of land located in Hamilton County, Texas, containing 949.52 acres and being more fully described on the attached Exhibit "A", and for informational purposes only, by the sales plat on the attached Exhibit "B", incorporated herein for any and all purposes, hereinafter referred to as "Paloma Vista Subdivision," "Property" or "Subdivision"; and

WHEREAS, it is the desire and purpose of Developer to place certain restrictions, easements, covenants, conditions, charges and liens, and reservations (hereinafter referred to as "Restrictions" or "Declaration") upon the Subdivision in order to establish a uniform plan for its development, insure the use of the Property for residential purposes only, prevent nuisances, prevent the impairment of the value of the Property, maintain the desired character of the community, and insure the preservation of such uniform plan for the benefit of the present and future Owners of the Property;

NOW, THEREFORE, Developer hereby adopts, establishes and imposes upon the Property, the following Restrictions for the purposes of enhancing and protecting the value, desirability and attractiveness of the Property, which Restrictions shall run with the land and inure to the benefit of each Tract Owner and his invitees:

**ARTICLE I
DEFINITIONS**

1.01. Architectural Control Committee or ACC. "Architectural Control Committee" or "ACC" shall mean the Developer until the Control Transfer Date and thereafter a committee initially appointed by the Developer pursuant to these Restrictions to review and approve plans for the construction of Improvements as more specifically provided by Article VIII hereof. Board appointment shall mean property owners only, not Developer board.

1.02. Annual Assessment. "Annual Assessment" means the amount set forth in Section 5.02 hereof.

1.03. Assessment. "Assessment" means the Annual Assessment, Special Assessments or other charges, interest, penalties and fees authorized by these Restrictions together with the cost and expense incurred in collecting Assessments, including, but not limited to court costs and attorney's fees.

1.04. Association. "Association" means and refers to the Developer until the Control Transfer Date and thereafter Paloma Vista Property Owners' Association, Inc. and its successors and assigns.

1.05. Board of Directors. "Board of Directors" means and refers to the Developer prior to the Control Transfer Date and the thereafter, the Board of Directors of the Association appointed by the Developer and/or elected by the Members of the Association.

1.06. Bylaws. "Bylaws" mean the Bylaws of the Association as from time to time amended.

1.07. Common Area. "Common Area" means the portions of the Subdivision, including any applicable easements, owned by the Association for the common use and enjoyment of the Members including, but not limited to, the entrances, cluster mailboxes, easements and Roads of the Subdivision, together with such other property as the Association may acquire in the future for the common use and enjoyment of the Members.

1.08. Common Area Expense. "Common Area Expense" means all expense necessary to maintain, replace, repair and expand the Common Area as well as all necessary expense to operate the Association including, but not limited to, casualty and liability insurance, directors and officers liability insurance and all other reasonable and necessary expenses of the Association. Additionally, Common Area Expense shall include, but is not limited to, (a) mowing of the Common Area (b) Common Area maintenance and replacement of landscaping, (c) repairing and maintaining the Roads and (d) any such other expense and capital enhancements as may be determined by the Board of Directors to promote the safety, health, recreation and welfare of the Members and maintain the Subdivision in an attractive manner.

1.09. Control Transfer Date. The "Control Transfer Date" shall mean the earlier date of: 1.) Developer no longer owns any part of the entire Subdivision, including but not limited to Common Area; 2.) Fifteen (15) years from date of recordation of this Declaration; or 3.) Developer, in its sole discretion, voluntarily relinquishes control of the Association as set forth herein. Notwithstanding this provision, on or before the 120th day after the date seventy five percent (75%) of the lots that may be created and made subject to this Declaration are conveyed to owners other than Developer, at least one-third of the board members must be elected by owners other than the Developer.

1.10. Developer. "Developer" means and refers to LSLP Pottsville, LLC, a Delaware Limited Liability Company, its successors and assigns.

1.11. Improvement. "Improvement" means every structure and all appurtenances

of every type and kind, including but not limited to buildings, outbuildings, patios, storage buildings, barns, guest quarter, garages, decks, stairs, retaining walls, screening walls, fences, landscaping art or statuary, poles, signs, exterior air conditioning units, exterior water softener fixtures or equipment, pumps, wells, tanks, reservoirs, pipes, utilities, lines, meters, antennas, towers, satellite dishes or any other sound or data receivers or transmitters. The term "Improvement" excludes the interior of each residence, guest quarter, barn or other approved building and the ACC shall have no authority to approve or disapprove improvements made to the interior of such buildings where the exterior of the building is not affected by the interior improvement.

1.12. Member. "Member" means and refers to every current Owner of a Tract of land within the Subdivision.

1.13. Notice. Whenever any "notice" is required by these Restrictions, such notices shall be in writing and shall be deemed received when actually received, or five days after the deposit of such notice in the United States mail, postage prepaid and addressed to the last known address of an Owner appearing on the books of the Association, whether or not such notice is actually received. It shall be the duty of each Tract Owner to keep the Association apprised of its current address.

1.14. Owner or Tract Owner. "Owner" or "Tract Owner" means and refers to the record owner, whether one or more persons or entities, of the fee-simple title to any Tract(s), but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure. Said term "Owner" shall also refer to the heirs, successors, and assigns of any Owner. The Developer shall not be deemed an Owner.

1.15. Plans and Specifications. "Plans and Specifications" means any and all drawings and documents describing the construction or erection of any Improvement, including, but not limited to, those indicating location, size, shape, configuration, materials, site plans, excavation and grading plans, foundation plans, drainage plans, fencing plans, elevation drawings, floor plans, specifications concerning building products and construction techniques, samples of exterior colors and materials, plans for utility services, and all other documentation or information relevant to the construction or installation of any Improvement.

1.16. Roads. Road or Roads means any land located within the Subdivision which has been dedicated by an easement for the purpose of ingress and egress through the Subdivision for the benefit of the Tract Owners.

1.17. Tract or Lot. "Tract" or "Lot" means the 36 individual tracts of land or lots identified on the Plat or any amendments thereto.

1.18. Special Assessment. "Special Assessment" shall have the meaning given to that term in Section 5.03 hereof.

1.19. Vote of the Members. "Vote of the Members" means the affirmative vote of two thirds (2/3) of the Members entitled to vote who are present at a meeting of Members, either in person or by written proxy. In accordance with Section 4.03, only one Member is entitled to vote for each Tract and only one vote shall be counted for each Tract even though a Tract may have several Owners.

ARTICLE II **RESTRICTIONS**

2.01. Single Family Residences. Any Tract located in the Subdivision is to be used for single family residential purposes only.

2.02. Minimum Square Footage. The main residence constructed on the Property shall have least one thousand (1,000) square feet of heated and cooled living area and must be constructed with a minimum of three feet (3') of masonry wainscoat on the front exterior.

2.03. Timeline for Construction. Upon start of construction, the exterior of any main residence must be completed within twelve (12) months from the slab being poured and must be built to applicable building and windstorm/flood codes.

2.04. Storage of RV's. Before the main residence is constructed, travel trailers and RV's may be temporarily stored on the Property but only for a maximum of 6 months of the calendar year. Travel trailers and RV's shall not be used as a residence. After the main residence is constructed, all boats, travel trailers and RV's must be stored behind the residence.

2.05. No Mobile Homes, Manufactured Homes or Modular. Mobile homes and manufactured homes are prohibited on the Property.

2.06. Junk and Debris. No junk cars, abandoned cars or scrap, trash, landscaping trimmings or other debris may be placed on the Property. The designation of such an item as being a violation under this section is at the sole and absolute discretion of the Association.

2.07. Animals. No pigs or peacocks will be permitted on the Property.

2.08. Signs. No signs for advertising, or billboards, may be placed on a Tract with the exception of one professionally made "for sale" sign. Signs erected on any Tract advertising a Tract for sale shall not be permitted during the Developer's control of the Subdivision. However, a Builder can place one professional sign on a Lot advertising his services or residence for sale.

2.09. No Further Subdividing. No Tract may be subdivided into smaller tracts. Any Owner of one or more adjoining Tracts may, with the prior written approval of the Architectural Control Committee or Developer (prior to the Control Transfer Date)

consolidate two or more Tracts into one Tract or building site, in which case the common boundary line between any combined Tract shall be eliminated and the setback lines shall be measured from the remaining exterior boundary lines. Any portion of any building line, utility, road and drainage easement located within the common boundary lines of any combined Tract shall be eliminated if such easements are not being used at the time any Tracts are combined. Annual assessments are applicable on each individual Tract as originally sold by the Developer regardless of whether two or more Tracts are combined by an Owner to form one new parcel. When a Tract or Tracts are combined, annual assessments are assessed to each original Tract, and each original Tract retains its voting rights.

2.10. Limit on Activity. No activity whether for profit or not, shall be conducted on the Property which is not related to the occupation of the Property for single family residential purposes, unless said activity meets the following criteria: (a) no exterior sign of the activity is present, (b) no additional traffic is created as a result of the activity, and (c) no toxic substances (as determined at the sole discretion of the Association) are stored on the Property. Nothing herein shall prohibit the use of home offices in compliance with the preceding subsections (a), (b) and (c). This restriction is waived in regard to the customary sales activities required to sell homes in the Subdivision. No activity which constitutes a nuisance or annoyance shall occur on the Property. The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance.

2.11. Water Wells and Irrigation Systems. Water wells may be drilled for residential, agricultural or irrigation purposes. Installation of a water well is the Tract Owner's responsibility and any permits, if required, must be obtained by the Tract Owner. All water wells must meet state and local requirements for the size and placement. There is no approved water supply furnished to any Tract.

ARTICLE III

RESERVATIONS, EXCEPTIONS AND DEDICATIONS

3.01. Property Subject to Restrictions. The Subdivision, including all the individual Tracts, are subject to these Restrictions which shall run with the land and be binding on all parties having or acquiring any right, title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof.

3.02. Utility Easements and Setback Lines. Each Tract of land sold from the Property shall be subject to a utility easement and building setback line, measuring fifty feet (50') in width across the front and rear of each tract and twenty five feet (25') which is reserved along the sides of each tract. The utility easement shall be used for the construction, maintenance and repair of utilities, including but not limited to, electrical systems, telephone, cable, water, gas and any other utilities which the Developer or utility providers may install for the benefit of a Tract Owner of land in the Subdivision. Notwithstanding the foregoing, the Developer has no obligation to provide utilities and all such utilities shall be provided by the local utility companies in accordance with the policies of such utility companies. All utility easements may also be used for the

construction of drainage facilities in order to provide for improved surface drainage of the Property. The Developer reserves the right to grant specific utility easements without the joinder of any Tract Owner of land in the Subdivision to public utility providers within the boundaries of any of the easements herein reserved. Any utility company serving the Property shall have the right to enter upon any utility easement for the purpose of installing, repairing, and maintaining their respective facilities. Neither Developer nor any utility company, political subdivision or other authorized entity using the easements herein reserved shall be liable for any damages done by them or their assigns, agents or employees to fences, shrubbery, trees and lawns or any other property of a Tract Owner of land in the Subdivision located within the easements.

3.03. Construction of Improvements on Utility Easements. No buildings or walls shall be located over, under, upon or across any portion of any utility easement. The Owner of each Tract shall have the right to construct, keep and maintain concrete drives, landscaping, fences and similar improvements across any utility easement, and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Tracts, provided, however, any concrete drive, landscaping, fencing or similar improvement placed upon any utility easement shall be constructed, maintained and used at the Owner's risk and each Tract Owner shall be responsible for repairing any damage caused by the utility providers to Improvements constructed within the easements located on his Tract.

3.04. Fencing and Gates. Each Tract Owner shall be responsible for the proper maintenance of the perimeter fencing and entrance gate on his Tract. A Tract Owner shall not remove the perimeter fencing, unless the Tract Owner completely fences his entire Tract.

3.05. Mailboxes. All mailboxes for Tracts that abut the Private Road located within the Subdivision will be erected at the Subdivision entrance. The construction of mailboxes will be coordinated with the United States Postal Service. The Association or the Developer (prior to the Control Transfer Date) shall have the right to make such other rules and regulations regarding the location and construction of mailboxes as may be reasonable and necessary. Tracts that abut Hamilton County Roads 619, 621 and 626 will have individual mailboxes that shall be the Tract Owner's responsibility.

ARTICLE IV

PALOMA VISTA PROPERTY OWNERS' ASSOCIATION, INC.

4.01. Non-Profit Corporation. Paloma Vista Property Owners' Association, Inc., a non-profit corporation, has been organized and it shall be governed by the Certificate of Formation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

4.02. Bylaws. The Association has adopted, whatever Bylaws it may choose to govern the organization and operation of the Association, provided that the same are not in conflict with the terms and provisions contained herein.

4.03. Membership. Every person or entity who is a record Owner of any Tract shall be a "Member" of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation or those only having an interest in the mineral estate. Memberships shall be appurtenant to and may not be separated from the Tracts. Regardless of the number of persons who may own a Tract, there shall be but one membership for each Tract and one (1) vote for each Tract. Ownership of the Tracts shall be the sole qualification for Membership.

4.04. Voting Rights. The Association shall have two classes of voting memberships. Developer shall be entitled to ten (10) votes for each Tract owned. Each Tract, other than those owned by the Developer, shall have only one vote regardless of the number of Owners of the Tract. In the event that more than one person owns a Tract and the group of Owners do not have a unified vote for purposes hereunder, then the Association shall not recognize the vote for that Tract and such vote shall not be counted when the calculating membership votes. Notwithstanding the foregoing, the presence of any Tract Owner at a meeting of Members permits the inclusion of the Tract represented when calculating any necessary quorum.

ARTICLE V ASSESSMENTS

5.01. Assessments. Each Tract Owner by acceptance of a deed therefore, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association the Assessments provided herein. The Assessments shall be a charge on the Tracts and shall be a continuing lien upon the Tract against which each such Assessment is made. Both Annual and Special Assessments must be fixed at a uniform rate for all Tracts subject to assessment and may be collected on a monthly basis or on an annual basis at the discretion of the Board of Directors.

5.02. Annual Assessment.

- (a) An Annual Assessment shall be paid by each of the Tract Owners and the Annual Assessment shall be used to pay all reasonable and necessary operating expenses and reserve requirements of the Association as herein provided and the Common Area Expenses. The Annual Assessment for the year of purchase shall be pro-rated as of the purchase date and then shall be paid annually.
- (b) The initial amount of the Annual Assessment applicable to each Tract will be two hundred fifty dollars (\$250.00) per Tract. The Annual Assessment is payable in advance and is due on the first (1st) day of January during each calendar year. All other matters relating to the collection, expenditure and administration of the Annual Assessment shall be determined by the Board of Directors of the Association, subject to the provisions hereof.

- (c) The Board of Directors of the Association, from and after control is transferred from the Developer, shall have the further right at any time to adjust, alter, increase or decrease the Annual Assessment from year to year as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association and to enable the Association to carry out its duties hereunder. However, the Board of Directors shall not increase the Annual Assessment by more than ten percent (10%) from the previous year without the affirmative Vote of the Members.

5.03. Special Assessments. In addition to the Annual Assessment, the Association, upon the Vote of the Members, may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. A Special Assessment may be assessed to the Tract Owners in an individual phase of the Subdivision or to Tract Owners in all phases in the Subdivision.

5.04. Interest of Assessment. Any Assessment which is not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law.

5.05. Purpose of the Assessments. The Annual Assessments and Special Assessments shall be used exclusively for the purpose of promoting the health, safety, security and welfare of the Subdivision and the maintenance of the Common Area. In particular, the Assessments shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described herein, including the maintenance of any Subdivision roads, Subdivision drainage easements, Common Area, Common Area Expenses, the enforcement of these Restrictions and the establishment and maintenance of reserve funds. Any questions regarding whether an item is a Common Area or a Common Area Expense shall be determined by the Board. The Assessments may be used by the Association for any purpose which, in the judgment of the Association's Board of Directors, is necessary or desirable to maintain the property value of the Subdivision, including but not limited to, providing funds to pay all taxes, insurance, repairs, utilities and any other expense incurred by the Association. Except for the Association's use of the Assessments to perform its duties as described in these Restrictions, the use of the Assessments for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Board of Directors as to the expenditure of Assessments shall be final and conclusive so long as such judgment is exercised in good faith.

NOTICE IS HEREBY GIVEN THAT THE STREETS, ROADS AND ROAD RIGHTS OF WAY INSIDE THE SUBDIVISION ARE PRIVATE STREETS, AND ARE NOT TO BE MAINTAINED BY ANY PUBLIC ENTITY. THE STREETS, ROADS AND ROAD RIGHTS OF WAY SHALL BE PART OF THE COMMON AREA TO BE MAINTAINED BY THE ASSOCIATION.

5.06. Creation of Lien and Personal Obligation. In order to secure the payment of the Assessments, each Tract Owner hereby grants the Association a contractual lien on

such Tract which may be foreclosed by non-judicial foreclosure, pursuant to the provisions of Chapter 51 of the Texas Property Code (and any successor statute); and each such Tract Owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said section 51.002 of the Texas Property Code, designate in writing a Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The Trustee may be changed at any time and from time to time by the association by means of written instrument executed by the President or any Vice-President of the Association and filed for record in the Official Public Records of Real Property of Hamilton County, Texas. In the event the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Chapter 51 of the Texas Property Code and to exercise the power of sale hereby granted, the Association, or the Association's agent, shall give notice of the foreclosure sale as provided by the Texas Property Code as then amended. Upon request by the Association, the Trustee shall give any further notice of foreclosure sale as may be required by the Texas Property Code as then amended, and shall convey such Tract to the highest bidder for cash by Trustee's Deed. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with collecting the Assessments and foreclosing on the Tract, including reasonable attorney's fees and a reasonable trustee's fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount of the Assessment in default; and third, the remaining balance shall be paid to the Tract Owner or Lien Holder for the benefit of the Tract Owner. Following any such foreclosure, each occupant of a Tract which is foreclosed upon shall be deemed a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action for forcible detainer.

In the event of non-payment by any Tract Owner of any Assessment or other charge, fee, assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the remedies provided herein, exercise all other rights and remedies available at law or in equity, including but not limited to bringing an action at law against the Tract Owner personally obligated to pay the same.

It is the intent of the Provisions of this Article to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale. In the event of the amendment of Section 51.002 of the Texas Property Code, the Association, acting without joinder of any Tract Owner or Mortgagee, may, by amendment to these Restrictions, file any required amendments to these Restrictions so as to comply with said amendments to Section 51.002 of the Texas Property Code or any other statute applicable to foreclosures.

Notwithstanding anything contained this Article, all notices and procedures relating to foreclosures shall comply with Chapter 209 of the Texas Property Code.

5.07. Notice of Lien. In addition to the right of the Association to enforce the Assessment, the Association may file a claim of lien against the Tract of the delinquent Tract Owner by recording a Notice ("Notice of Lien" or "Affidavit of Lien") setting forth

(a) the amount of the claim of delinquency, (b) the interest thereon, (c) the costs of collection which have been accrued thereon, (d) the legal description and street address of the Tract against which the lien is claimed, and (e) the name of the Tract Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Tract Owner of a reasonable fee as fixed by the Association to cover the preparation and recordation of such release of lien instrument.

5.08. Developer Exemption. In consideration of the Property infrastructure, the Developer shall be exempt from the payment of all Assessments.

5.09. Liens Subordinate to Mortgages. The lien described in this Article V shall be deemed subordinate to any lien in favor of any bank, mortgage company, real estate lending establishment, financial institution, insurance company, savings and loan association, or any other third party lender, including the Developer, who may have advanced funds, in good faith, to any Tract Owner for the purchase, improvement, equity lending, renewal, extension, rearrangement or refinancing of any lien secured by a Tract, provided that any such lien holder has made due inquiry as to the payment of any required assessments at the time the lien is recorded. Any consensual lien holder who obtains title to any Tract pursuant to the remedies provided in a deed of trust or mortgage or by judicial foreclosure shall take title of the Tract free and clear of any claims for unpaid assessments or other charges against said Tract which ad prior to the time such holder acquired title to such Tract. No such sale or transfer shall relieve such holder from liability for any Assessments or other charges or assessments thereafter becoming due. Any other sale or transfer of a Tract shall not affect the Association's lien for Assessments or other charges or assessments. The Association shall make a good faith effort to give each such mortgage sixty (60) days advance written notice of the Association's foreclosure of an Assessment lien, which notice shall be sent to the nearest office of such mortgage by prepaid United State registered or certified mail, return receipt requested, and shall contain a statement of delinquent Assessment or other charges or assessments upon which the said action is based, provided however, the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article V.

ARTICLE VI

DEVELOPER'S RIGHTS AND RESERVATIONS

6.01. Period of Developer's Rights and Reservations. Developer shall have, retain and reserve certain rights as set forth in these Restrictions with respect to the Association from the date hereof, until the earlier of the date the Developer gives written notice to the Association of Developer's termination of the rights described in this Article IV or the

Control Transfer Date. The Developer rights set forth in these Restrictions shall not be released until such time as a document relinquishing said rights is filed of record or the Developer no longer holds record title to any Lot or Common Area in the Subdivision. The rights and reservations hereinafter set forth shall be deemed accepted and reserved in each conveyance by the Developer whether or not specifically stated therein. The rights, reservations and easements set forth herein shall be prior and superior to any other provisions of this Declaration and may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment to this Declaration. Developer's consent to any amendment shall not be construed as consent to any other amendment.

6.02. Developer's Rights to Grant and Create Easements. Developer shall have and hereby reserves the right, without the consent of any Owner or the Association, to grant or create temporary or permanent easements throughout the Subdivision, for ingress, egress, utilities, cable and satellite television systems, communication and security systems, drainage, water and other purposes incidental to the development, sale, operation and maintenance of the Subdivision or purposes deemed necessary by the Developer. The rights reserved to the Developer under this section apply to the entire Subdivision.

6.03. Developer's Rights to Convey Common Area to the Association. Developer shall have and hereby reserves the right, but shall not be obligated to, convey real property and improvements thereon, if any, to the Association for use as Common Area at any time and from time to time in accordance with these Restrictions, without the consent of any Owner or the Association.

6.04. Annexation of Additional Areas. Developer may cause additional real property to be annexed into Subdivision, by causing a written Annexation Declaration confirming the annexation thereof, to be recorded in the Official Public Records of Real Property in the county in which the property is located. No consent shall be required of the Association or any Member thereof, each Tract Owner being deemed to have appointed the Developer as his agent and attorney-in fact to effect this Annexation, which power hereby granted to the Developer is and shall be a power coupled with any interest. Thereafter, the Association shall be the Association for the entirety of the Development, including the annexed property.

ARTICLE VII

DUTIES AND POWERS OF THE PROPERTY OWNERS ASSOCIATION

7.01. General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has designated such powers (and subject to the provisions of the bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the Members and to improve and enhance the attractiveness, desirability and safety of the Subdivision. The Board of Directors shall minimally be composed of three individuals serving three year staggered terms, with the

titles of President, Vice-President, and Secretary/Treasurer, being assigned annually by the board of Directors.

7.02. Duty to Accept the Property and Facilities Transferred by Developer. The Association shall accept title to any real property, improvements to real property, personal property and any related equipment which the Developer transfers to the Association, together with the responsibility to perform any all maintenance and administrative functions associated therewith, provided that such property and responsibilities are not inconsistent with the terms of these Restrictions. Property interest transferred to the Association by the Developer may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association by the Developer shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens and mortgages (other than the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of any declaration of covenants, conditions and restriction or easements set forth in the transfer instrument. Except as otherwise specifically approved by resolution of the board of Directors, no property or instrument transferred to the Association by the Developer shall impose upon the Association any obligation to make monetary payments to the Developer or any affiliate of the Developer including, but not limited to, any purchase price, rent charge or fee.

7.03. Other Insurance Bonds. The Association shall obtain such insurance as may be deemed necessary or desirable by the Board or by law, including but not limited to, comprehensive liability and casualty insurance, worker's compensation insurance, fidelity and indemnity insurance, officers and directors liability insurance, as well as such other insurances or bonds as the Association shall deem necessary or desirable.

7.04. Duty to Prepare Annual Budgets. The Association shall prepare an annual budget for the Association.

7.05. Duty to Levy and Collect Assessments. The Association shall levy, collect and enforce the Assessments as provided in these Restrictions.

7.06. Duty to Provide Annual Financial Statement. The Association shall prepare an annual financial statement, including a balance sheet, for review by the Members.

7.07. Duties with Respect to Architectural Approvals. The Association, through the ACC, shall perform the ACC duties described in these Restrictions after the Control Transfer Date. Prior to the Control Transfer Date the Developer shall perform the ACC duties.

7.08. Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases and easements) for the common benefit of Owners including any improvements and personal property. The Association may construct improvements and may demolish any existing improvements in the Common Area.

7.09. Power to Adopt Rules and Regulation. The Association shall have the power to make reasonable rules and regulations regarding the use of the Common Area. The Association shall also have the right to promulgate such rules and regulations with respect to the Subdivision so long as the Board of the Association deems such rules and regulations necessary to promote the recreation, health, safety and welfare of the Members of the Association, or may be necessary or desirable to further the common interest of the Members and to improve and enhance the attractiveness, desirability and safety of the Subdivision all in accordance with the provisions of these Restrictions. The rules and regulations may be enforced in the same manner as any other provision of these Restrictions.

7.10. Enforcement of Restrictions. The Association (or any Owner if the Association fails to do so after reasonable written notice) shall enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, charges, rules and regulations now or hereafter imposed by the provisions of these Restrictions. Failure by the Association or any Owner to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter. If it becomes necessary for any Owner or the Association to file a Court action to enforce these Restrictions, the defaulting Owner shall be liable for all reasonable attorney's fees and costs incurred by the enforcing Owner or the Association to obtain compliance by the defaulting Owner. The defaulting Owner shall be liable for all damages suffered by the enforcing Owner or the Association which shall be in an amount established by the Court.

7.11. Remedies. In the event a Tract Owner fails to remedy any violation of these Restrictions, after written notice by the Association, the Association, or its authorized representatives, may take any one or more of the following actions:

- (a) Enter upon the Tract Owner's property and remove the violating condition, document the violating condition and/or cure the violation, at the expense of the Tract Owner, and the violating Tract Owner shall pay on demand all costs and expenses, including reasonable attorney's fees, incurred by the Association in removing such violating condition;
- (b) Assess a charge of \$50.00 per day against any Tract Owner and/or his Tract until the violating condition is corrected. The Violation charge may be increased by the Association in accordance with increases in the National Consumer Price Index using 2021 as a base year. Failure to pay such assessment by the violating Tract Owner within ten (10) days from receipt of assessment will result in a lien against the Tract with the same force and effect as the lien for Annual or Special Assessments;
- (c) File suit in order to enforce the above remedies and/or pursue any other remedy which may be available at law or in equity;
- (d) Suspend an Owner's right to use the Common Area; and/or

- (e) Take any action allowed by the Texas Property Code.

After a Tract Owner receives a written notice of a violation of these Restrictions, the violating Tract Owner shall not be entitled to any further notice of the same violation if it occurs within a six (6) month period. The Association reserves the easement across each Owner's Tract for the purpose of correcting or removing conditions in violation of these Restrictions, and in doing so, shall have no liability for trespass or other tort in connection therewith, or arising from such correction or removal of a violating condition. The Association shall further have the right to have any vehicle or other property stored or used in violation of these Restrictions removed from the Owner's Tract at the expense of the Owner and stored at the expense of the Owner.

ARTICLE VIII ARCHITECTURAL CONTROL COMMITTEE

8.01. Basic Control & Applications.

- (a) No Improvements of any character shall be erected or placed, or the erection or placing thereof commenced, or changes made to the exterior design or appearance of any Improvement, without first obtaining the Architectural Control Committee's or Developer's (prior to the Control Transfer Date) approval. No demolition or destruction of any Improvement by voluntary action shall be made without first obtaining the Architectural Control Committee's or Developer's (prior to the Control Transfer Date) approval. The Architectural Control Committee's or Developer's (prior to the Control Transfer Date) shall have the sole discretion to approve or deny any improvement
- (b) Each application made to the Architectural Control Committee or Developer (prior to the Control Transfer Date) for approval, shall contain an application in the form specified by the Architectural Control Committee or Developer (prior to the Control Transfer Date), two sets of professionally drawn Plans and Specifications for all proposed Improvements, showing the location of all Improvements on the Lot, and any applicable fees or deposits together with such other reasonable necessary information as the Architectural Control Committee or Developer (prior to the Control Transfer Date) shall request. These plans must be submitted in PDF format to the Developer, or after the Control Transfer Date, to the ACC. A non-refundable fee of \$250.00 is required at time of plan submittal to cover administrative costs involving the approval process.

8.02 Architectural Control Committee.

- (a) All ACC authority is initially vested in the Developer. The ACC authority of the Developer shall cease upon the appointment of a three (3) member

Architectural Control Committee by the Developer. The Developer shall continue to have ACC authority as to any Plans and Specifications or Construction projects submitted to the Developer prior to the initial appointment of the ACC members.

- (b) After the initial members of the ACC are appointed by the Developer, the Developer shall cause an instrument transferring ACC authority to the Association to be recorded in the Official Public Records of Real Property Hamilton County, Texas. Subsequent appointments of the ACC members shall be by the Board of Directors. The ACC members shall serve staggered terms with the first term ending on the date of the next succeeding annual meeting of Members following the Control Transfer Date. After the Control Transfer Date, each Member of the ACC must be a Tract Owner in the Subdivision.

8.03 Effect of Inaction. All approvals or disapprovals issued by the ACC shall be in writing. In the event the ACC fails to approve or disapprove any request received by it in compliance with Article VIII within thirty (30) days following the submission of a completed application and full compliance with the Declarations set out herein, such request shall be deemed approved and the construction of any Improvements may commence in accordance with the Plans and Specifications submitted for approval. Any ACC approval obtained as a result of inaction by the ACC shall not authorize the construction of any Improvement in violation of these Restrictions.

8.04 Effect of Approval. The granting of an ACC approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the ACC that the proposed Improvement to be erected complies with these Restrictions; and such approval shall not prevent the Association from requiring removal of any Improvement which fails to comply with these Restrictions. Further, no ACC member shall incur any liability by reason of the good faith exercise of the authority granted hereunder.

8.05 Variance. The ACC or the Developer, may on a case by case basis, authorize variances from the requirements of the Restrictions if, in the reasonable opinion of the ACC or the Developer, the Restrictions unreasonably restrain the development of a Lot in accordance with the general scheme of the Subdivision. The Developer will retain the right to grant variances after the Control Transfer Date so long as the Developer continues to own a Lot or Common Area in the Subdivision. All variances shall be in writing and signed by the Developer or if granted by the ACC then it must be signed by at least two (2) members of the ACC. No violation of these Restrictions shall be deemed to have occurred with respect to any matter for which a variance is granted. The granting of such a variance shall not operate to waive any of the terms and provisions of these Restrictions for any purpose except as to the particular Lot and improvements and the particular provision covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of the Owner's Lot.

ARTICLE IX

GENERAL PROVISIONS

9.01. Term. The provisions hereof shall run with the land and shall be binding upon all Tract Owners, their guests and invitees and all other persons claiming under them for a period of forty (40) years from the date these Restrictions are recorded. These Restrictions shall be automatically extended for successive periods of twenty (20) years each time unless these Restrictions are cancelled by a majority vote of the Members prior to an extension period and an appropriate document is recorded evidencing the cancellation of these Restrictions.

9.02. Amendments. Except for any amendment affecting any existing Improvements, these Restrictions may be amended or changed, in whole or in part, at any time by a two-third (2/3) majority vote of every Member entitled to vote. Copies of any records pertaining to such amendments shall be retained by the Association permanently.

9.03. Amendment by the Developer. The Developer shall have and reserve the right at any time prior to the transfer of control to the Association, without the joinder or consent of any Tract Owner or other party, to amend these Restrictions by an instrument in writing duly signed, acknowledged, and filed for record so long as the Developer owns any land in the Subdivision and provided that any such amendment shall be consistent with and is furtherance of the general plan and scheme of development of the Property and evidenced by these Restrictions.

9.04. Severability. Each of these provisions of these Restrictions shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partially unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

9.05. Effect of Violation on Mortgages. No violation of the provisions herein contained or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgage under any such mortgage, the holder of any such lien or beneficiary of any such mortgage, lien or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

9.06. Liberal Interpretation. The provisions of these Restrictions shall be liberally construed as a whole to effectuate the purpose of these Restrictions.

9.07. Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the Developer and the Association, and their respective guests, invitees, heirs, legal representatives, executors, administrators, successors and assigns.

9.08. Terminology. All personal pronouns used in these Restrictions, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural and vice versa. Title of Articles and Sections are for

convenience only and neither limits nor amplifies the provisions of these Restrictions. The terms "herein", "hereof" and similar terms, as used in this instrument, refer to the entire document and are not limited to referring only to the specific paragraph, Section or Article which such terms appear.

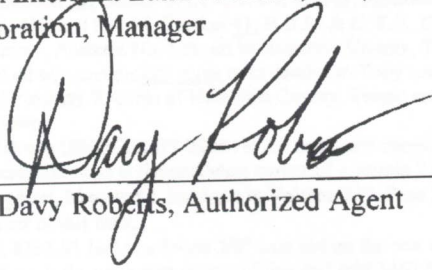
9.09. Effective Date. This Declaration Of Covenants, Conditions, Restrictions, Easements, Charges and Liens for Paloma Vista Subdivision shall be effective upon recording in the Official Public Records of Hamilton County, Texas.

IN WITNESS WHEREOF, the undersigned, being the Developer, herein, has hereunto set its hand on this 20 day of October 2021.

[signature follows on the following page]

LSLP Pottsville, LLC, a Delaware Limited Liability Company

By: American Land Partners, Inc., a Delaware corporation, Manager

By: 
Davy Roberts, Authorized Agent

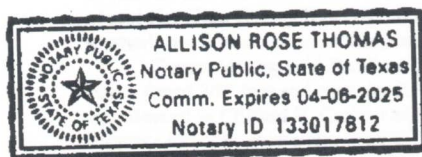
STATE OF TEXAS

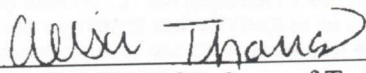
COUNTY OF Hamilton

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Before me, the undersigned Notary Public, on this day personally appeared Davy Roberts who is personally known to me (or proved to me through a federal or state issued ID with photo and signature of person identified) to be the person whose name is subscribed to the foregoing instrument, and who has acknowledged to me that he executed the instrument for the purposes and consideration therein expressed and in the capacity stated herein.

Given under my hand and seal of office on the 20th day of October, 2021.




NOTARY PUBLIC, State of Texas

LEGAL DESCRIPTION

Of a 949.52 acres tract of land out of Section 37, B.B.B. & C. R.R. Co. Survey, Abstract No. 76, Section No. 40, B.B.B. & C. R.R. Co. Survey, Abstract No. 74, Section 41, B.B.B. & C. R.R. Co. Survey, Abstract No. 75 and the R. Moore Survey, Abstract No. 565, all in Hamilton County, Texas; being part of a certain 3462.91 acres tract and all of a certain 220 acres tract deeded to Tony Lee Belding in Volume 455, Page 722 of the Real Property Records of Hamilton County, Texas; and being further described by metes and bounds as follows:

Beginning at a found 3/8" iron rod with cap (SHOCKLEY 2286) at the southeast corner of said Section 40, at an ell corner of said 3462.91 acres tract and at the northeast corner of a certain 218.501 acres tract deeded to Travis E. Jernigan and spouse, Margaret J. Jernigan in Volume 339, Page 26 of said Real Property Records, for the beginning corner of this tract.

Thence N. 73 deg. 11 min. 38 sec. W. 8168.91 feet to a found 3/8" iron rod on the east side of Hamilton County Road No. 626, for the most westerly southwest corner of this and said 3462.91 acres tract.

Thence along the east side of said Hamilton County Road No. 626, N. 17 deg. 16 min. 45 sec. E. at 4804.15 feet pass a set 1/2" iron rod, continuing in all 4867.15 feet to a set 1/2" iron rod with cap (PRICE SURVEYING) at the intersection of the east line of said Hamilton County Road No. 626 with the center of Hamilton County Road No. 619 and at the southwest corner of a certain 1868.52 acres tract deeded to the Richard Savage Brown and Anita H. Brown Family Living Trust in Volume 519, Page 881 of said Real Property Records, for the northwest corner of this tract.

Thence with the center of said Hamilton County Road No. 619, S. 64 deg. 10 min. 16 sec. E. 1981.00 feet to a set 3/8" iron rod, S. 49 deg. 10 min. 53 sec. E. 2246.39 feet to a set 3/8" iron rod, S. 47 deg. 16 min. 45 sec. E. 2615.74 feet to a set 3/8" iron rod and S. 46 deg. 52 min. 10 sec. E. at 2489.77 feet pass a set 3/8" iron rod at the intersection of said Hamilton County Road No. 619 and Hamilton County Road No. 620, continuing in all 2549.48 feet to a set 3/8" iron rod at the most southerly corner of said 1868.52 acres tract, for a corner of this tract.

Thence with the center of said Hamilton County Road No. 619, S. 20 deg. 50 min. 09 sec. E. 689.23 feet to a set 3/8" iron rod and S. 02 deg. 39 min. 09 sec. E. 2216.33 feet to a set 1/2" iron rod with cap (PRICE SURVEYING) in the north line of said 220 acres tract, for a corner of this tract.

Thence along said Hamilton County Road No. 619, S. 73 deg. 08 min. 15 sec. E. 2376.16 feet to a set 1/2" iron rod with cap (PRICE SURVEYING) in the south line of said 3462.91 acres tract and on the northeast side of said Hamilton County Road No. 619, for the northeast corner of this and said 220 acres tract, from which a set 1/2" iron rod bears S. 73 deg. 08 min. 15 sec. E. 16.00 feet.

Thence with the center of said Hamilton County Road No. 619, S. 16 deg. 29 min. 11 sec. W. 2348.90 feet to a set 3/8" iron rod at the intersection of said Hamilton County Road No. 619 and Hamilton County Road No. 621, for the southeast corner of this and said 220 acres tract.

Thence with the center of said Hamilton County Road No. 621 and projection thereof, N. 73 deg. 06 min. 50 sec. W. 4087.70 feet to a set 1/2" iron rod with cap (PRICE SURVEYING) on the south side of said Hamilton County Road No. 621 and at the southwest corner of said 220 acres tract, for the most southerly southwest corner of this tract.

Thence leaving said Hamilton County Road No. 621, N. 17 deg. 09 min. 22 sec. E. at 98.85 feet pass a found 3/8" iron rod with cap (SHOCKLEY 2286) at the southeast corner of a certain 88.476 acres tract deeded to Clifford H. Carlson and wife, Wanda W. Carlson in Volume 425, Page 86 of said Real Property Records, continuing in all 2154.27 feet to a found 3/8" iron rod with cap (SHOCKLEY 2286) at the northeast corner of said 88.476 acres tract and at the most easterly southeast corner of said 218.501 acres tract, for a corner of this tract.

Thence N. 17 deg. 08 min. 19 sec. E. 1458.37 feet to the place of beginning.

(Bearing Basis: Texas State Plane Coordinate System, NAD83, Central Texas Zone)

SURVEYED ON THE GROUND: APRIL 7, 2020

Matthew K Price

MATTHEW K. PRICE REGISTERED PROFESSIONAL LAND SURVEYOR



FILED and RECORDED

Instrument Number: 20213025 B: RP V: 597 P: 122

Filing and Recording Date: 10/28/2021 01:40:14 PM Recording Fee: 102.00

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the REAL PROPERTY RECORDS of Hamilton County, Texas.



A handwritten signature in black ink, appearing to read "Cynthia K. Puff", is written over a horizontal line.

Cynthia K. Puff, County Clerk
Hamilton County, Texas

ANY PROVISION CONTAINED IN ANY DOCUMENT WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE REAL PROPERTY DESCRIBED THEREIN BECAUSE OF RACE OR COLOR IS INVALID UNDER FEDERAL LAW AND IS UNENFORCEABLE.