

3.01 Single Family. Except as specifically set forth in these Restrictions, all Tracts shall be used for single family residential purposes only. Except as expressly permitted herein, only one single-family residence for each Tract is permitted.

3.02 Minimum Square Footage. Every single-family dwelling shall contain at least 1,200 square feet of living area, excluding porches, garages, and storage areas.

3.03 Garages. All single-family dwelling units, except approved guest quarters, shall have at least a two-car attached or detached garage and coincide with the main dwelling unit. All garages must be constructed out of the same materials as used for the main dwelling. All garages shall be located on the Tract as indicated by the Architectural Control Committee approved site plan.

3.04 Guest Quarters. One guest quarter may be built upon each Tract, provided the living quarters contains no less than five hundred (500) square feet and is no more than half the size of the main house. Guest quarters must be built along with or after the construction of the main dwelling and may not be built or occupied prior to the main dwelling unit being occupied. Guest quarters must be constructed with material harmonious with the main dwelling.

3.05 Barns, Workshops & Storage Buildings. An Owner shall be permitted to construct one (1) permanent metal, stucco, rock and/or hardiplank barn, one (1) workshop, and one (1) storage building. Detailed plans, specifications, and construction materials for barns, workshops, and storage buildings must be submitted to the Developer or ACC in order to be considered for approval. Such structures must be located behind the main dwelling site and may be constructed on the Tracts prior to the main dwelling being constructed or occupied. No portable storage buildings shall be allowed.

3.06 Barns as Temporary Living Space. Living quarters located inside of a barn which is constructed on the Property shall be allowed so long as the living quarters are not used as a permanent residence. Living quarters cannot comprise more than fifty percent (50%) of the interior space of such barn. Such living quarters may be used as the Tract owner's temporary residence during the construction of the main dwelling or as a "weekend getaway" for such owner prior to the construction of the main residence. All barns, workshops and storage buildings must be approved by the Developer or the ACC after the Control Transfer Date.

3.07 No Mobile or Manufactured Homes. No mobile homes or manufactured homes are permitted to be located on any Tract except as permitted by Section 3.08 hereof.

3.08 Temporary Structures & Use of RVs. No structure of a temporary character, whether trailer, motor home, recreational vehicle, tent, basement, shack, garage, barn, or other outbuilding shall be maintained or used on any Tract at any time as a residence, either temporarily or permanently, except as provided below.

Prior to the construction of a residence on a Tract, an Owner may use a recreational vehicle camper or motor home (Recreation Vehicle or "RV") for camping purposes no more than thirty (30) days at a time and no more than a total of one hundred eighty (180) days per calendar year. With written approval from the ACC, an RV may be used as a temporary residence during construction, not to exceed twelve (12) months, provided an approved septic system has been installed for the RV and the RV is placed at the rear of the construction site.

Temporary structures, including portable restroom facilities or construction storage facilities may be located on a Tract while the main residence for a Tract is actively under construction, provided that such are removed upon substantial completion of construction and are not located on a Tract for longer than the time allowed for construction of a main residence pursuant to Section 3.11 hereunder.

The Developer reserves the exclusive right to install and make use of a temporary office or temporary storage facilities within Subdivision while the developer is selling Tracts or building homes in the subdivision.

3.09 Storage of Trailers, RVs and Boats. All trailers, RVs, trucks (other than pickups with a rated capacity of one (1) ton or less), boats, personal watercraft, tractors, wagons, buses, motorcycles, motor scooters, all-terrain vehicles, golf carts and other recreational vehicles, lawn or garden equipment, farm or ranch equipment, construction equipment and other similar items shall be stored in enclosed structures or reasonably screened from view from the road. No Owner shall be allowed to drive an 18-wheeler into the Subdivision on a regular basis, 18-wheelers are only allowed during construction or for deliveries.

3.10 Construction Sites. All construction sites shall have sufficient portable restroom facilities or other adequate restroom facilities as determined by the Architectural Control Committee or Developer prior to transfer control date. Construction Sites shall be kept neat and clean at all times and comply with such construction site guidelines as may be established by the Architectural Control Committee from time to time.

3.11 Construction Time. Any construction of any Improvement shall be completed, as to the exterior, within twelve (12) months from the construction commencement date.

3.12 Height Restrictions. No Improvement shall be erected, altered, or placed on any Tract which exceeds the lesser of thirty-five feet (35') in height (measured from the ground to the topmost part of the roof) or 2 - 1/2 stories in height.

3.13 Construction Materials. All Improvements must be built with new construction materials and must be built in place on the Tract. All construction materials used shall be of materials such as wood, rock, brick, hardiplank or stucco. The use of aluminum siding or vinyl siding is prohibited. The Architectural Control Committee or the developer prior to transfer control date may authorize the use of other materials on a case-by-case basis. Barns and other outbuildings may be constructed of metal or materials listed above.

3.14 Roofing Materials. Only the following roofing materials may be used for the main residence, guest quarters and garages: slate, stone, concrete tile, clay tile or other tile of ceramic nature, metal, or composition shingles with a thirty (30) year or more warranty. Colors of roofing material are subject to the approval of the Architectural Control Committee or the Developer (prior to the transfer control date) approval. The Architectural Control Committee or the Developer (prior to the transfer control date) shall have the authority and sole discretion to approve other roof treatments and materials which are harmonious with the surrounding homes and the Subdivision as a whole. The materials and colors of Roofs on all other structures must be approved by the Architectural

Control Committee or Developer (prior to the transfer control date). Owners may install roof shingles that are wind and hail resistant, energy efficient or solar generating if the quality and appearance are comparable to the subdivision standard. All such materials will need approval from the Architectural Control Committee or Developer (prior to the transfer control date).

3.15 Color. All exterior color schemes for Improvements are subject to the prior written approval of the Architectural Control Committee or Developer (prior to the transfer control date).

3.16 Construction Equipment Damage. Tract Owners shall be responsible for any damage caused to the roads by construction equipment or trucks making deliveries to their Tracts.

3.17 Propane Fuel Storage. Propane fuel storage for residential use may be located on the Tracts and may be placed above ground or below ground. The exact location and quantity of said fuel storage tanks are subject to written approval of the Architectural Control Committee or Developer (prior to the transfer control date). All above ground tanks, pumps, vent pipes and other equipment must be concealed or attractively screened.

3.18 Consolidated Building Site. Any Owner of one or more adjoining Tracts may, with the prior written approval of the Board of Directors and with the approval of the Limestone County Commissioners Court, if required, 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 utility easement located within the common boundary lines of any combined Tract shall be eliminated if such utility easements are not being used at the time any Tracts are combined. No Tract shall be deemed to be combined with another Tract until such time as an appropriate re-plat of the combined Tracts is filed with the Limestone County Plat Records and all necessary approvals have been obtained. Any Tracts which are combined as provided above shall be assessed as one Tract for Assessment purposes. Developer shall not be liable for any fees associated with Tract consolidation.

3.19 Setback Lines. Except for fencing, light posts, driveways, walkways and landscaping, no improvements shall be located nearer than: a) fifty feet (50') from any roadside access easement and b) twenty feet (20') from the side and back property lines of the Tract. Any exterior lighting, including but not limited to light post, must be approved by the Architectural Control Committee or Developer (prior to the transfer control date). The Architectural Control Committee or Developer (prior to the transfer control date) has the sole discretion to reject any exterior lighting, as it is the intent of these restrictions that exterior lighting be installed so that there is down lighting. If Owner fences more than one acre surrounding its main dwelling site, then, in order to maintain a uniform appearance of fences along the roads, all fencing must be located at the property lines. The Architectural Control Committee or Developer (prior to the transfer control date) may waive or alter any setback line, if in the Architectural Control Committee's or Developer's (prior to the transfer control date) sole discretion, such waiver or alteration is necessary to permit effective utilization of a Tract due solely to drainage or land contour related concerns.

3.20 Maintenance. The Owner shall keep its Improvements in good condition and repair at all times and ensure that all Improvements are adequately painted and otherwise maintained by the

Owner.

3.21 Alteration or Removal of Improvements. No exterior Improvements shall be altered, modified, or removed without the prior written approval of the Architectural Control Committee or Developer (prior to the transfer control date). Improvements may be repainted the same color without approval of the Architectural Control Committee or Developer (prior to the transfer control date).

3.22 Walls and Fences. Walls, fences, and light posts, if any, must be approved prior to Construction by the Architectural Control Committee or Developer (prior to the transfer control date) and must be constructed of new material, and unless otherwise permitted by the Architectural Control Committee or Developer (prior to the transfer control date), constructed of masonry, wrought iron, wood, metal, pipe, or ranch fencing with t-posts. Chain link fencing is prohibited. If pipe fencing is used, such fences must have a minimum of three (3) horizontal pipes along the front of the Tract and otherwise conform with the Architectural Control Committee's or Developer's (prior to the transfer control date) specifications. The community's perimeter fencing is not to be altered or removed on any Tract.

3.23 Mailboxes. All mailboxes for interior Tracts will be erected at the Subdivision entrances. The construction of mailboxes will be coordinated with the United States Postal Service. The Association or the Developer (prior to the transfer control 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.

3.24 Antennas, Towers and Satellite Dishes. Antennas, towers, satellite dishes or other sound or data receivers or transmitters of any kind shall not exceed ten feet (10') above the roof of the residence or accessory building upon which they are attached. Any antenna, tower or satellite dishes or other sound or data receivers or transmitters must be located to the side or the rear of the residence or accessory building. The Architectural Control Committee or Developer (prior to the transfer control date) must approve all exterior antennas, towers, satellite dishes or other sound or data receivers or transmitters, including but not limited to the location of the placement of the same.

3.25 Prohibited Activities and Nuisance. No activity (including the operation of a bed and breakfast or similar activity) whether for profit or not, shall be conducted on any Tract which is not related to the occupation of a Tract 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 Tract. 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 any Tract. The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance. All exterior lighting must be approved by the Developer or, after the Control Transfer Date, the ACC. The Developer or ACC has the sole discretion to reject any exterior lighting, as it is the intent of these restrictions that exterior lighting be installed so that there is down lighting.

3.26 Garbage and Trash Disposal. No Tract shall be used to maintain as a dumping ground for rubbish, landscape trimmings or other debris. All Tracts shall be kept in a neat and orderly

condition. No refrigerators, freezers, washing machines, dryers, furniture, tools, equipment, toys or other such items shall be stored outside of a building on any Tract. No junk of any kind or character shall be kept on any Tract. Trash, garbage, landscape trimmings or other debris shall not be allowed to accumulate on any Tract. Any such items shall be kept in sanitary containers and shall be disposed of regularly in accordance with all applicable laws, rules, and regulations. All equipment for the storage or disposal of trash and other debris shall be kept in a clean and sanitary condition. Except on established garbage collection days and in connection solely with that collection process, all trash containers shall be stored in enclosed structures or screened from view from the Road.

3.27 Unregistered or Junked Motor Vehicles Prohibited. No Tract shall be used as a depository for abandoned, junked or unregistered motor vehicles, boats, airplanes, trailers or other similar items.

3.28 Signs. No signs, advertising, billboards, or advertising structure of any kind may be erected or maintained on any Tract without the consent in writing of the Architectural Control Committee or Developer (prior to the transfer control date) except as installed by Developer. Political signs for a political candidate or ballot item for election, as set forth in the Texas Property Code §202.009, may be displayed on a Tract but can only be displayed on or after the 90th day before the date of the election to which the sign relates and must be removed 11 days after the election. The sign must be ground mounted, 2'x 3' in size and a Tract Owner may only display one sign for each candidate or ballot item. In addition to other signs which may be allowed by the Architectural Control Committee or Developer (prior to the transfer control date), the Architectural Control Committee or Developer (prior to the transfer control date) shall allow one (1) professionally made sign not more than twenty-four inches (24") by thirty inches (30") advertising Owner's residence for sale or rent. The term "professionally made sign" does not include plastic or metal pre-made for sale or for rent signs. No signs shall be nailed to a tree. Signs erected on any unimproved Tract advertising for sale shall not be permitted.

3.29 Mineral Development. No Owner shall be allowed to permit on their own behalf, commercial drilling, mineral development operations, mineral refining, quarrying, mining, or water operation of any kind in, on or under any Tract owned by such Tract owner.

3.30 Drainage. All driveway culverts shall be installed prior to building construction. Natural established drainage patterns for drainage will not be impaired by any Tract Owner. Driveway culverts must be installed and shall be of sufficient size to afford proper drainage of ditches without allowing water to pool, back up or be diverted from its natural course. Drainage culvert installation is subject to the inspection and approval of the Architectural Control Committee or Developer (prior to the transfer control date) and shall comply with any applicable governmental rules and regulations. All water retainage structures (ponds, dams, and other facilities) not already existing within the Subdivision must be reviewed and approved by the Architectural Control Committee or Developer (prior to the transfer control date) and prior to construction and must comply with all governmental rules and regulations.

3.31 Re-plating and Subdividing. No Tract may be subdivided into smaller Tracts.

3.32 Maintenance and Landscaping of Tracts. It shall be the responsibility of each Owner

to prevent the development of any unclean, unsightly, or unkempt condition of buildings or grounds on such Tract which would tend to substantially decrease the beauty of the neighborhood as a whole or the specific area. Each Owner shall be required to landscape the area around his home. Occupancy prior to completion of landscaping shall require the written approval of the ACC, shall be for good cause only and shall be no earlier than one hundred twenty days prior to completion of landscaping.

3.33 Firearms. The discharge of firearms in the Subdivision is strictly prohibited.

3.34 Animals. Domestic livestock and exotic animals shall not exceed one (1) animal for every two (2) fenced acres and must not become a nuisance or threat to other Owners. The Association shall have the sole discretion in determining if any animal is a nuisance and make regulations on banning such animal. Pigs, hogs and peacocks are not allowed on any Tract. Chickens shall only be allowed so long as such birds are kept in a coop and do not exceed twenty (20) birds per Tract. Regardless of Tract size, coops must be preapproved by the ACC in writing to ensure they are screened from view. All animals being raised by the individual Tract Owners must be kept in a fenced area on the Owner's Tract. No overgrazing is permitted on any portion of the Tract as determined by the sole discretion of the Association. Dogs, cats, or other common household pets may be kept on a Tract. Dogs will not be permitted to run loose in the Subdivision. No feedlots of any type shall be permitted.

3.35 Existing Structures. Tract 57 and Tract 67 have existing structures that do not meet the current restrictions for Highland Hills Ranch. These existing structures are grandfathered in with no required improvements to their existing condition necessary. Any new structures constructed on Tract 57 and Tract 67 will be required to meet all restrictions for Highland Hills Ranch.

ARTICLE IV **ARCHITECTURAL CONTROL COMMITTEE**

4.01 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 transfer control 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 transfer control date) approval.
- (b) Each application made to the Architectural Control Committee or Developer (prior to the transfer control date) for approval, shall contain an application in the form specified by the Architectural Control Committee or Developer (prior to the transfer control date), two sets of professionally drawn Plans and Specifications for all proposed Improvements, showing the location of all Improvements in the Tract and any applicable fees or deposits together with such other reasonable necessary information as the Architectural Control Committee or Developer (prior to the transfer control 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 home plan approval process.

4.02 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 Limestone 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 an Owner of a Tract in the Subdivision.

4.03 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 IV 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.

4.04 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.

4.05 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 Tract 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 Tracts 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 Tract 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 Tract. A variance will not be given by the Developer or ACC for further subdividing any Tracts.

4.06 Construction Deposit. A deposit of \$1,000 must be paid at the time Plans and Specifications are submitted for the construction of a new residence, barn, workshop or storage building. This deposit will be held for the purpose of securing a Tract Owner's performance, during the construction process, of the obligations imposed by these Restrictions, for wear and tear on the Subdivision roads by construction equipment and construction traffic and for damage to the Common Areas. Upon completion of construction, the Tract Owner will be refunded the deposit less any obligations incurred as a result of any uncured violation of these Restrictions, any damage to the roads of the Subdivision and any damage to the Common Areas.

ARTICLE V
HIGHLAND HILLS RANCH
PROPERTY OWNERS' ASSOCIATION, INC.

5.01 Non-Profit Corporation. Highland Hills Ranch Property Owners' Association, Inc., a non-profit corporation, has been (or will be) 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.

5.02 Bylaws. The Association has adopted, or may adopt, 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 hereof.

5.03 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.

5.04 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 Owner of a Tract at a meeting of Members permits the inclusion of the Tract represented when calculating any necessary quorum.

ARTICLE VI
ASSESSMENTS

6.01 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.

- (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. 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 six hundred dollars (\$600) per Tract. The Annual Assessment is payable in advance and is due on the thirty first (31) 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 the Control transfer Date, 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.

6.02 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.

6.03 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.

6.04 Creation of Lien and Personal Obligation. In order to secure the payment of the Assessments, each Owner of a Tract hereby grants the Association a contractual lien on such Tract which may be foreclosed, pursuant to the provisions of the Texas Property Code (and any successor statute); and each such Owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with foreclosure pursuant to the provisions 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 of record in the Official Public Records of Real Property of Limestone County, Texas. In the event the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions 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